

53120-1-u

Commonwealth of Kentucky
Comprehensive Annual Financial Report
for the Year Ended June 30, 1987

Martha Layne Collins, Governor



Prepared by:
Finance and Administration Cabinet
Gordon C. Duke, Secretary

Department of Administration
Mitchell H. Payne, Commissioner

Division of Accounts
Edgar C. Ross, Director

Division of Printing
Don Tyson, Director

Commonwealth of Kentucky
Comprehensive Annual Financial Report
for the Year Ended June 30, 1987

<u>INTRODUCTORY SECTION</u>	Page
Letters of Transmittal	3
Condensed Summary Data	8
Organizational Chart and List of Principal Officials	10
 <u>FINANCIAL SECTION</u>	
Auditor of Public Accounts Opinion Letter	12
 GENERAL PURPOSE FINANCIAL STATEMENTS (Combined Statements - Overview)	
Combined Balance Sheet - All Fund Types and Account Groups	16
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	18
Combined Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - All Budgeted Fund Types	20
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types and Similar Trust Funds	22
Combined Statement of Changes in Financial Position - All Proprietary Fund Types and Similar Trust Funds	23
Combined Statement of Revenues, Expenditures, and Other Changes - All University and College Current Funds	24
Combined Statement of Changes in Fund Balances - All University and College Funds	26
Notes to the Financial Statements	29
 COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS	
General Fund	
Balance Sheet	56
Statement of Revenues, Expenditures, and Changes in Fund Balance	57
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)	58
Statement of Revenues by Source	62
Statement of Expenditures by Function, Cabinet, and Object	63
Special Revenue Funds	
Combining Balance Sheet	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	68
Transportation Fund	
Statement of Revenues, Expenditures, and Changes in Fund Balance	69
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)	70
Federal Fund	
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)	71



Herein is the complete financial description of the Commonwealth of Kentucky. It is fairly presented and is a full disclosure of the Commonwealth's position in compliance with Generally Accepted Accounting Principles. The 1986-87 Comprehensive Annual Financial Report accurately reflects both the financial stability of the Commonwealth of Kentucky and the professional efforts of employees of the Commonwealth.

A handwritten signature in dark ink, reading "Martha Layne Collins". The signature is fluid and cursive, with the first name "Martha" being the most prominent.

Martha Layne Collins
Governor

Budgetary Trust and Agency Fund	
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)	73
Debt Service Fund	
Balance Sheet	77
Statement of Revenues, Expenditures, and Changes in Fund Balance	78
Capital Projects Fund	
Balance Sheet	80
Statement of Revenues, Expenditures, and Changes in Fund Balance	81
Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)	82
Enterprise Funds - State and Public Benefit Corporations	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	88
Combining Statement of Changes in Financial Position	90
Internal Service Funds	
Combining Balance Sheet	94
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	96
Combining Statement of Changes in Financial Position	98
Trust and Agency Funds	
Combining Balance Sheet	102
Combining Balance Sheet - Pension Trust Funds	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Expendable Trust Funds	106
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - Nonexpendable and Pension Trust Funds	108
Combining Statement of Changes in Financial Position - Nonexpendable and Pension Trust Funds	110
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	112
General Fixed Assets Account Group	
Statement of General Fixed Assets by Source	114
Schedule of General Fixed Assets by Function and Activity	115
Schedule of Changes in General Fixed Assets by Function and Activity	116
University and College Funds	
Combining Balance Sheet - All University and College Funds	118

STATISTICAL SECTION

Revenues by Source - All Governmental Fund Types - For the Last Ten Fiscal Years	121
Expenditures by Function - All Governmental Fund Types - For the Last Ten Fiscal Years	121
Description of Tax Sources - All Governmental Fund Types	122
Assessed and Estimated Actual Value of Taxable Property - For Calendar Years 1977 through 1986	123

Property Tax Levies and Collections - For Fiscal Years 1977 through 1986	123
Ratio of General Long-Term Bonded Debt to Assessed Value and Debt Per Capita - For the Last Ten Fiscal Years	124
Ratio of Annual Debt Service for General Bonded Debt to Total Expenditures - General Governmental Functions - For the Last Ten Fiscal Years	124
State Parks Revenue Bond Coverage - For Last Four Fiscal Years	125
University and College Funds - Revenue Bond Coverage - For Last Four Fiscal Years	125
Demographic Statistics - For Calendar Years 1977 through 1986	126
Construction and Bank Deposits - For Calendar Years 1977 through 1986	126
Sources of Personal Income - For Calendar Years 1977 through 1986	127
Largest Manufacturers - Ranked by Number of Employees - 1986	128

Introductory Section





*Governor's Mansion
Frankfort*

MARTHA LAYNE COLLINS
GOVERNOR



GORDON C. DUKE
SECRETARY

OFFICE OF THE SECRETARY
FINANCE AND ADMINISTRATION CABINET
FRANKFORT, KENTUCKY 40601

December 1, 1987

The Honorable Martha Layne Collins
Governor, Commonwealth of Kentucky
The Capitol Building
Frankfort, Kentucky 40601

Dear Governor Collins:

In accordance with Section 48.800(3) of the Kentucky Revised Statutes (K.R.S.), it is my pleasure to transmit to you the Comprehensive Annual Financial Report of the Commonwealth of Kentucky for the fiscal year ended June 30, 1987. This report is prepared by the Finance and Administration Cabinet, and responsibility for the accurate, complete, and fair presentation of the data contained herein rests with the Commonwealth. The information presented fully describes the Commonwealth's financial position and results of operations as measured by the financial activity of the various funds. All appropriate disclosures necessary for the reader to gain the maximum understanding of Kentucky's financial affairs are included.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The Commonwealth's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The governmental funds, expendable trust funds and agency funds are presented on the modified accrual basis of accounting whereby revenues are recognized when measurable and available and expenditures are recognized when goods or services are received and the related liabilities are incurred. The proprietary, non-expendable trust and pension trust funds are presented on the accrual basis of accounting with all revenues and expenses recognized when the transactions occur, regardless of when related cash is received or disbursed. The university and college funds are reported in conformance with GAAP as prescribed by the AICPA audit guide, Audits of Colleges and Universities.

In developing and operating the Commonwealth's accounting system, emphasis is placed on the adequacy of internal accounting controls. They are designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that financial records are reliable for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived from their use and that such cost-benefit evaluation requires estimates and judgements by management. All internal control evaluations occur within this framework.

Budgetary control is maintained at the budget unit level described in the Notes to the Financial Statements by the encumbrance of estimated purchase amounts prior to the release of contracts to vendors. Contracts which result in overruns of available balances are not released until budget revisions are approved or additional appropriations are made. Open encumbrances are reported as reservations of fund balances in the Commonwealth's Special Revenue, Capital Projects and University and College Funds at June 30, 1987.

THE REPORTING ENTITY AND ITS SERVICES

This report includes all funds, account groups and component units controlled by or dependent on the Commonwealth. Determination of "controlled by or dependent on" is based on criteria established by the Governmental Accounting Standards Board in its Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. These criteria are: selection of governing authority, appointment of management, constitutional officers' ability to significantly influence operations, accountability for fiscal operations and scope of public service. The component units meeting one or more of these criteria are: The Kentucky Center for the Arts, Inc., Kentucky Housing Corporation, Kentucky Pollution Abatement and Water Resources Finance Authority, Kentucky Higher Education Student Loan Corporation, Kentucky Development Finance Authority, Kentucky Agricultural Finance Authority, and Kentucky Local Correctional Facilities Construction Authority.

The Commonwealth provides the full range of services contemplated by statute, including economic development, educational and human services, energy and natural resource management, law enforcement, correctional and public protection services, transportation, public improvements, and general legislative, administrative and judicial services.

GENERAL FUND CONDITION - BUDGETARY BASIS

General Fund revenue on a budgetary basis for 1987 was \$2,874,881,538, an increase of 5% over 1986. This amount does not include \$6,859,302 classified as "other financing sources." Taxes represented 96.9% of all General Fund revenue collected during the period. The amounts and percentages of 1987 revenue derived from specific sources and the changes from 1986 are shown below (expressed in thousands) and are illustrated in Chart 1.

General Fund Revenue - Budgetary Basis

Revenue Source	Amount	Percent of Total	Increase from 1986
Sales and Gross Receipts Taxes	\$1,022,177	35.6%	\$ 16,062
Individual Income Tax	920,969	32.0%	101,076
Corporate Income Tax	267,379	9.3%	33,855
Property Taxes	251,309	8.7%	(3,209)
Coal Severance Tax	186,347	6.5%	(12,179)
Non-Tax Revenue	89,615	3.1%	1,224
License and Privilege Taxes	68,450	2.4%	20,649
Inheritance and Estate Taxes	49,334	1.7%	(5,615)
Other Taxes	19,302	0.7%	(13,821)
Total General Fund Revenue	\$2,874,882	100.0%	\$ 138,042

General Fund expenditures on a budgetary basis for 1987 totaled \$2,914,233,343, including transfers of \$282,604,865. During the year expenditures increased by 8.5% and transfers rose by 23.3% compared to 1986. The general government function includes \$456,687,227 of expenditures and \$1,944,273 of transfers for the eight state supported universities, which together amount to 15.7% of the General Fund total. The amounts and percentages expended during 1987 for the various governmental functions and the changes from 1986 are shown below (expressed in thousands) and are illustrated in Chart 1.

General Fund Expenditures - Budgetary Basis

Function	Amount	Percent of Total	Increase from 1986
General Government	\$ 678,740	23.3%	\$ 47,723
Legislative and Judicial	83,146	2.9%	709
Commerce	51,961	1.8%	(6,929)
Education and Humanities	1,405,702	48.2%	164,143
Energy	11,791	0.4%	3,229
Human Resources	465,728	16.0%	43,050
Justice	63,734	2.2%	993
Natural Resources and Environmental Protection	29,470	1.0%	2,759
Corrections	94,820	3.2%	3,257
Public Protection and Regulation	26,913	0.9%	280
Transportation	2,228	0.1%	223
Total General Fund Expenditures	\$2,914,233	100.0%	\$ 259,437

The General Fund had a 1987 budgetary undesignated fund balance of \$165,481,267. This is a decrease of \$43,172,521 when compared to the 1986 year-end budgetary undesignated fund balance of \$208,653,788.

GENERAL GOVERNMENTAL FUNCTIONS - GAAP BASIS

General governmental functions on a GAAP basis are accounted for in four governmental funds - General, Special Revenue, Debt Service, and Capital Projects. Revenue for general governmental functions totaled \$5.34 billion for 1987, an increase of 5.1% over the amount recognized during 1986. The amounts and percentages of revenue derived from specific sources during 1987 and the changes from 1986 are shown below (expressed in thousands) and are illustrated in Chart 2.

Governmental Funds Revenue - GAAP Basis

Revenue Source	Amount	Percent of Total	Increase from 1986
Taxes	\$3,324,552	62.2%	\$ 247,414
Intergovernmental	1,416,882	26.5%	(29,419)
Charges for Services	203,147	3.8%	(18,350)
Licenses, Fees, and Permits	137,333	2.6%	59,345
Other Revenue	114,620	2.2%	27,219
Interest and Other Investment Income	107,512	2.0%	(32,195)
Fines and Forfeits	37,090	0.7%	3,828
Total Governmental Funds Revenue	\$5,341,136	100.0%	\$ 257,842

As a result of rising employment in the Commonwealth during 1987, aggregate disposable income went up and resulted in increases of \$99 million in individual income tax and \$18 million in regular sales tax revenue for the General Fund. On July 1, 1986, a five cent per gallon increase in Kentucky's gasoline tax became effective and contributed significantly to the \$115 million rise in motor fuel and vehicle use tax revenue for the Transportation Fund. These amounts account for \$232 million of the \$247 million increase in 1987 tax revenue. The remaining \$15 million of the increase is attributable to normal growth in various other taxes.

The \$11 million increase in non-tax revenue is the result of \$59 million more from the sale of licenses, fees and permits, a \$4 million rise in the collection of fines and forfeits, and an increase of \$27 million in various other revenue sources offset by \$32 million less in investment income, a \$29 million decline in federal funding, and a decrease of \$18 million in charges for services.

Expenditures, excluding transfers, for general governmental functions on a GAAP basis were \$4.84 billion for 1987, an increase of 6% compared to the amount expended during 1986. The amounts and percentages expended for various governmental functions and the changes from last fiscal year are shown below (expressed in thousands) and are illustrated in Chart 2.

Governmental Funds Expenditures - GAAP Basis

Function	Amount	Percent of Total	Increase from 1986
General Government	\$ 427,039	8.8%	\$ 121,270
Legislative and Judicial	81,726	1.7%	2,474
Commerce	28,602	0.6%	(7,377)
Education and Humanities	1,479,674	30.6%	155,205
Energy	11,043	0.2%	3,494
Human Resources	1,396,916	28.9%	23,070
Justice	75,214	1.5%	177
Natural Resources and Environmental Protection	52,313	1.1%	1,644
Corrections	90,925	1.9%	9,228
Public Protection and Regulation	57,024	1.2%	2,392
Transportation	770,806	15.9%	32,099
Capital Outlay	106,231	2.2%	12,017
Debt Service	263,466	5.4%	(81,560)
Total Governmental Fund Expenditures	\$4,840,979	100.0%	\$ 274,133

The \$277 million increase in expenditures in the Education and Humanities and General Government functions are in response to the 1985 Extraordinary Session of the General Assembly which funded additional programs in the elementary and secondary schools and increased funding to the eight state supported universities. Transportation expenditures for construction of new highways, maintenance of existing roads and related local aid also rose by \$32 million. Finally, a \$23 million increase in Human Resources expenditures was the result of expansion of the medicaid program. These major increases were offset by an \$82 million drop in debt service requirements brought about by the refunding of existing revenue bonds. The combined affect of these changes is a net expenditure increase of \$250 million. The balance of the \$274 million increase is spread across the remaining governmental functions.

Ending fund balances for all governmental fund types increased 0.3%, from \$1.37 billion 1986, to \$1.38 billion in 1987. Of these totals, unreserved fund balances were \$494 million at June 30, 1986, compared to \$369 million at June 30, 1987, a drop of 25.2%.

DEBT ADMINISTRATION

The ratio of general bonded debt to assessed valuation and the amount of debt per capita are useful indicators to citizens, investors and management regarding the Commonwealth's debt position. These data at June 30, 1987, were:

	Amount	Ratio to Assessed Value	Debt per Capita
General Bonded Debt	\$ 2,068,312,525	1.4%	\$ 543.15

The Commonwealth's general obligation bonds are rated "AA" by both Moody's Investors Service and Standard and Poor's Corporation. No such bonds have been issued since 1965. General obligation bonds outstanding at June 30, 1987, was \$142,480,000.

During 1987, Kentucky issued revenue bonds totaling \$1,049,284,237 for general governmental functions and supported by governmental fund appropriations. Of this amount, \$895,866,732 was for the purpose of defeasing existing debt and funding related reserve accounts. The remaining \$153,417,505 issued during the period funded new projects. All issues sold during 1987 received "A" ratings, except the taxable university refunding bonds issued by the State Property and Buildings Commission for which a rating was not requested. At the close of 1987 total principal outstanding for revenue bonds paid from governmental fund appropriations was \$1,925,832,525.

CASH MANAGEMENT

During 1987, general depository cash not required for immediate expenditure was invested in repurchase agreements with Kentucky banks and United States obligations with maturities ranging from 1 day to 60 months. The average yield on such investments maturing in 1987 was 9.709% and the amount of interest received was \$137.4 million, excluding Pension Trust Funds. This amount represents a 4.06% decrease in interest earned on temporary investments compared to 1986.

The State Investment Commission is authorized by KRS 42.500 to maintain a cash and investment pool available for use by all funds. Legally authorized investment instruments vary by fund, but generally include: obligations of, or guaranteed by, the United States; obligations of any corporation of the United States government; collateralized certificates of deposit; and repurchase agreements.

CAPITAL PROJECTS FUND

Proceeds of certain bond issues and other appropriated monies to be used for projects related to economic development and the construction, improvement and maintenance of the Commonwealth's physical plant are accounted for in the Capital Projects Fund until such projects are completed. Completed construction and improvement projects are capitalized in the appropriate proprietary fund or General Fixed Asset Account Group at year end. All uncompleted construction in progress is capitalized in the General Fixed Assets Account Group or appropriate proprietary fund. During fiscal 1987 projects costing \$7,696,162 were completed.

PROPRIETARY FUNDS

Combined operating revenues of Kentucky's Enterprise Funds-State increased from \$48.9 million in 1986 to \$49.1 million in 1987. Combined operating expenses decreased from \$78 million in 1986 to \$75.3 million in 1987. The State Parks Fund continues as the largest Enterprise Funds-State activity (\$29.7 million and \$49.8 million in operating revenue and expenses, respectively). Outstanding Enterprise Funds-State revenue bonds at June 30, 1987 totaled \$8.58 million, all in the State Parks Fund.

Combined operating revenues and expenses for the Commonwealth's Internal Service Funds amounted to \$65 million and \$62.2 million, as compared to 1986 totals of \$62.8 million and \$63.4 million. The internal service operations provided include, but are not limited to, data processing, telecommunications and property management services to other state agencies.

Proprietary funds receive budgeted operating transfers of General Fund appropriations.

PENSION TRUST FUNDS

The Commonwealth administers separate retirement systems for Kentucky employees, state police officers, public school teachers, judges, legislators and county employees. Combined total assets for these plans at June 30, 1987, reached \$4.8 billion. The aggregate operating revenue of these funds was \$977.08 million at June 30, 1987, including interest and other investment income of \$436.4 million. Total operating expenses for all systems during 1987 was \$280.9 million, including retirement benefits paid of \$235.4 million.

A total of 198,715 eligible individuals participate in the various retirement systems administered by the Commonwealth and accounted for in the Pension Trust Funds. These retirement systems are as follows: Kentucky Employees Retirement System; County Employees Retirement System; State Police Retirement System; Kentucky Judicial Form Retirement System (including both the Judicial Retirement Fund and the Legislators' Retirement Fund); and Kentucky Teachers' Retirement System.

UNIVERSITY AND COLLEGE FUNDS

University and College Current Funds revenue rose from \$470.7 million in 1986 to \$515.9 million in 1987 for an increase of 9.6%. State appropriations transferred from the General Fund to these funds went up 7.4% to \$478.9 million. Current funds expenditures and transfers also increased 8.4% during the fiscal year ended June 30, 1987 to \$980.8 million.

GENERAL FIXED ASSETS

The general fixed assets of the Commonwealth are those fixed assets used in the performance of general governmental functions and exclude the fixed assets of the Enterprise, Internal Service, Nonexpendable Trust and College and University Funds. At June 30, 1987, the general fixed assets of Kentucky amounted to \$772,966,000. This amount represents the valuation of general fixed assets in accordance with GAAP as described in the Notes to the Financial Statements. Depreciation of general fixed assets is not recognized in the Commonwealth's accounting system.

INDEPENDENT AUDIT

The accompanying financial statements have been examined by the Office of the Auditor of Public Accounts of the Commonwealth of Kentucky. Their examination was conducted in accordance with generally accepted government auditing standards, and their opinion letter appears elsewhere in this report.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awards the Certificate of Achievement for Excellence in Financial Reporting to governmental units which publish easily readable and efficiently organized comprehensive annual financial reports, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. I believe this report conforms to Certificate of Achievement Program requirements and the Commonwealth is submitting it to GFOA for determination of its eligibility to earn the Commonwealth's initial certificate.

SIGNIFICANT ECONOMIC EVENTS AND PROSPECTS FOR THE FUTURE

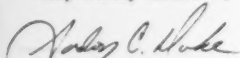
Kentucky's financial results reflect record levels of governmental fund type revenue and spending. The \$500 million excess of revenue over expenditures for all governmental fund types is partially accounted for by the previously described \$247 million rise in tax receipts during the period. This revenue growth was singularly important for funding the education and transportation needs within the Commonwealth.

We anticipate Kentucky's economy will grow at a steady rate even though the market losses of October 19, 1987, slowed the expansionary phase in the national business cycle. Growth in personal income is expected for the upcoming biennium due to the stabilization of the coal and tobacco sectors and increasing employment associated with our success in attracting major international manufacturers and their satellite suppliers. Increased tax revenue is expected during 1988 because of fewer federal deductions and behavioral responses by individuals relating to IRAs, passive losses, limitation of non-business interest deductions, and charitable giving, as well as corporate response to changes in accounting rules and federal tax reform.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the cooperation of all branches and agencies of the Commonwealth. The professionalism demonstrated by the staffs of the Finance and Administration Cabinet's Divisions of Accounts and Printing, as well as the Office of the Auditor of Public Accounts is especially noteworthy. Their combined dedication made the timely publication of this report possible.

Respectfully submitted,


Gordon C. Duke
Secretary



FINANCE AND ADMINISTRATION CABINET
DEPARTMENT FOR ADMINISTRATION
DIVISION OF ACCOUNTS
332 CAPITOL ANNEX
FRANKFORT, KENTUCKY 40601
(502) 564-7750

MARTHA LAYNE COLLINS
GOVERNOR

GORDON C. DUKE
SECRETARY

MITCHELL H. PAYNE
COMMISSIONER

EDGAR C. ROSS
DIRECTOR

December 1, 1987

The Honorable Gordon C. Duke
Secretary, Finance and Administration Cabinet
301 New Capitol Annex
Frankfort, Kentucky 40601

Dear Secretary Duke:

Pursuant to Section 48.800(3) of the Kentucky Revised Statutes the Comprehensive Annual Financial Report (CAFR) of the Commonwealth of Kentucky for the fiscal year ended June 30, 1987 is submitted herewith. It contains all funds, account groups and entities that are controlled by or dependent on the Commonwealth based on the criteria developed by the Governmental Accounting Standards Board (GASB) in its Codification of Governmental Accounting and Financial Reporting Standards, Section 2100.

The CAFR has been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The information presents fairly and fully discloses the financial position and results of financial operations of the Commonwealth for the reporting period as measured by the financial activity of the various funds. All appropriate disclosures necessary to assist readers in their understanding and evaluation of Kentucky's financial condition have been included in this report.

Respectfully submitted,

Edgar C. Ross
Edgar C. Ross, Director
Division of Accounts

CHART 1

GENERAL FUND — BUDGETARY BASIS

Fiscal Year 1987

(amounts in billions)

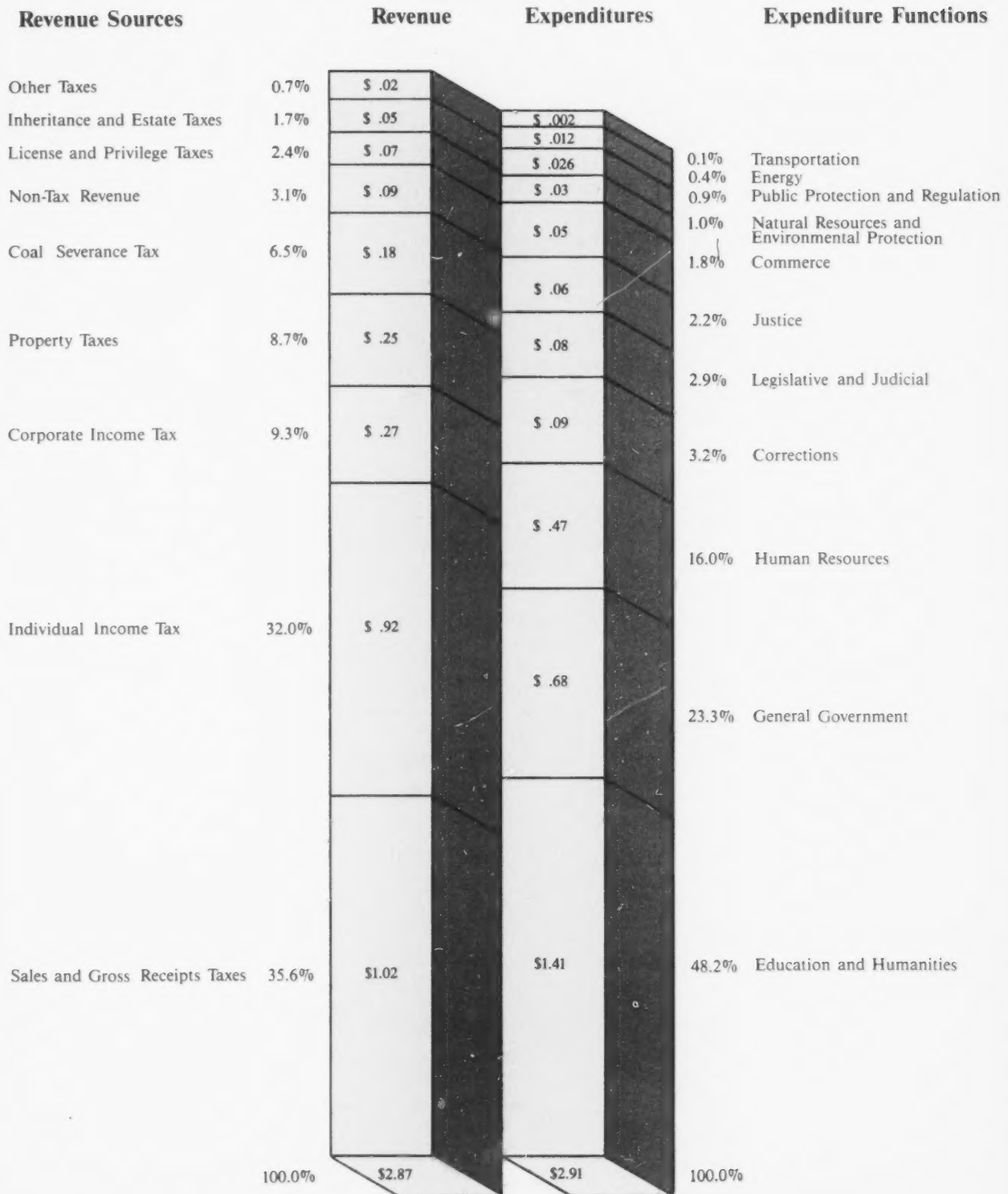
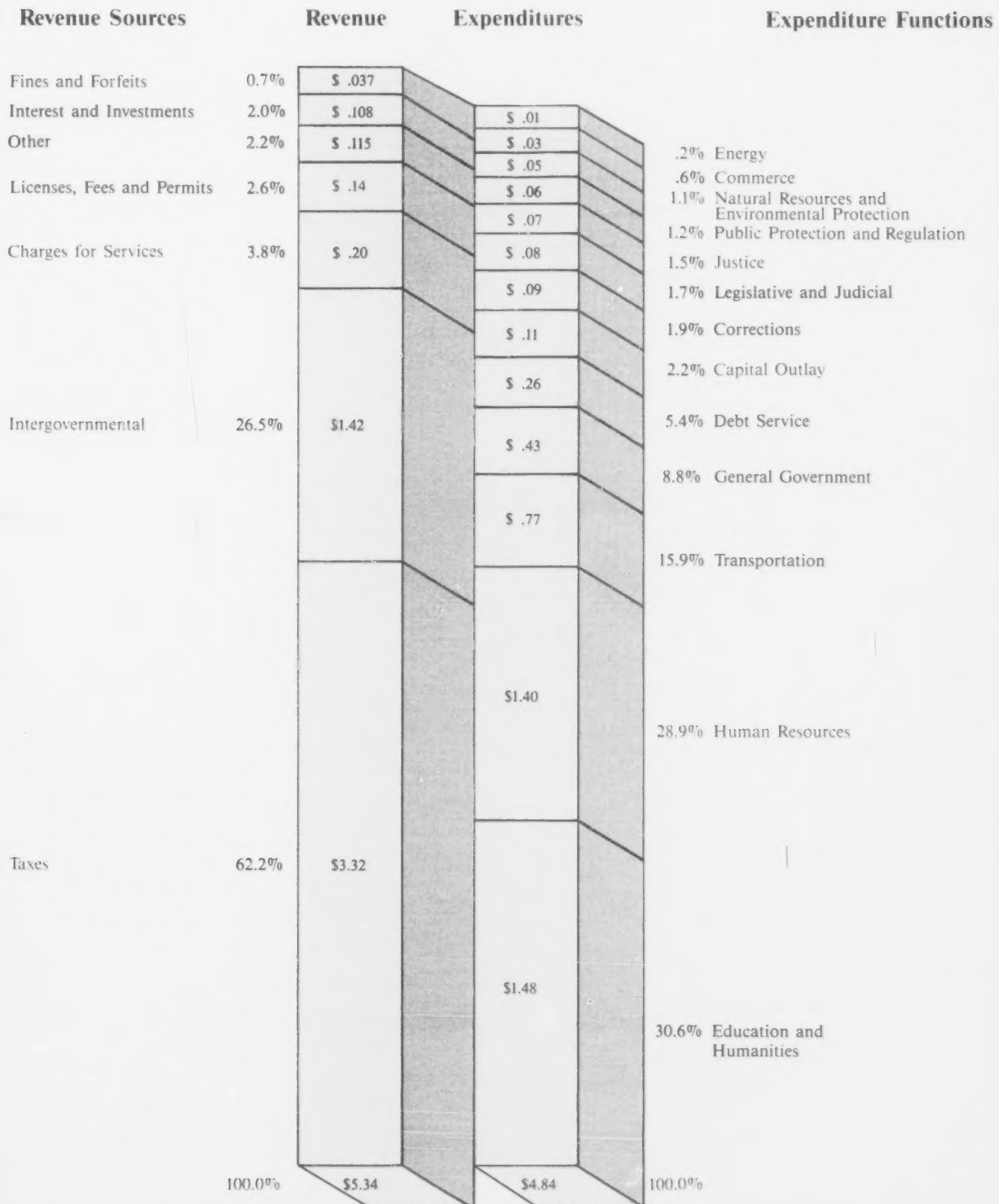


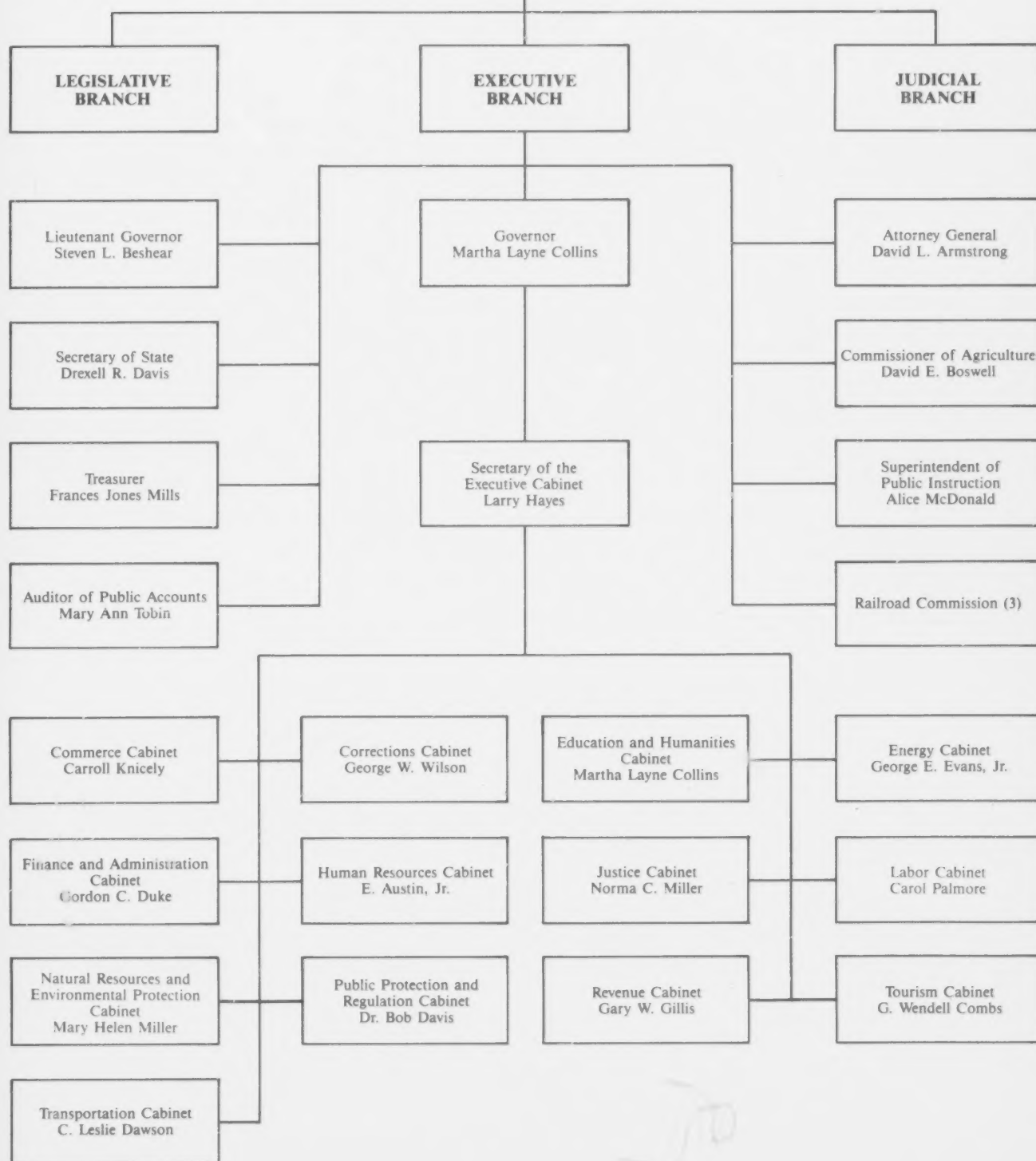
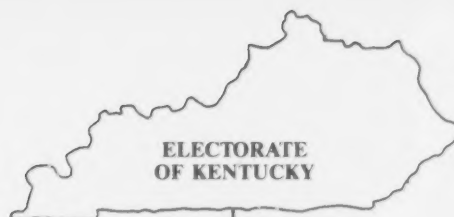
CHART 2

GOVERNMENTAL FUNDS — GAAP BASIS

Fiscal Year 1987

(amounts in billions)





Financial Section

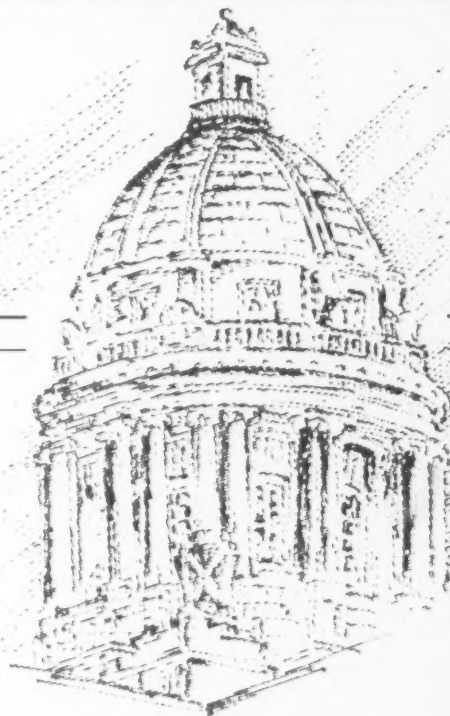


MARY ANN TOBIN
AUDITOR OF PUBLIC ACCOUNTS
COMMONWEALTH
OF KENTUCKY

Capitol Annex
Suite 158
Frankfort, KY 40601
502-564-4226
800-372-2580
502-564-4333 (Res.)

December 1, 1987

To the People of Kentucky
Honorable Martha Layne Collins, Governor
Mr. Gordon C. Duke, Secretary
Finance and Administration Cabinet



We have examined the general purpose financial statements of the Commonwealth of Kentucky as of and for the year ended June 30, 1987, as listed in the Table of Contents. Our examination was made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of certain component units within the Governmental Funds; the State Fair Board, Kentucky Center for the Arts, and Public Benefit Corporations within the Proprietary Funds; the Pension Trust Funds within the Fiduciary Funds; and the University and College Fund. These component units represent total assets of 29, 92, 89, and 100 percent; total revenues of 15, 61, 72, and 100 percent; and total expenditures/expenses of 15, 57, 54, and 100 percent, respectively, of the related combined totals of the Governmental Funds, Proprietary Funds, Fiduciary Funds, and University and College Fund. We also did not examine the General Fixed Assets Account Group or fixed asset and related accounts in the components of the Proprietary Funds not covered in the previous sentence. Those accounts represent 100 percent of the General Fixed Assets Account Group, and 5, 1, and 6.4 percent of those Proprietary Fund assets, liabilities, and expenses respectively. These component unit financial statements and fixed asset accounts were audited by other auditors whose reports thereon were furnished to us, except for Murray State University whose audit has not been issued, and our opinion expressed herein, insofar as it relates to the financial statements included for the component units and fixed assets referred to above, is based solely upon the reports of the other auditors.

To the People of Kentucky
Honorable Martha Layne Collins, Governor
Mr. Gordon C. Duke, Secretary
Finance and Administration Cabinet
December 1, 1987
Page 2

During the fiscal year, the Commonwealth made a change in its reporting practices to accrue Workers Compensation incurred-but-not-reported claims. That change, with which we concur, had a material effect on the presentation of the General Long-Term Obligations Account Group as compared to its presentation in prior year financial statements of the Commonwealth.

As described in Note 2, the Commonwealth made a change in its reporting practices which affected the classification of funds within the Proprietary Fund Types. That change, with which we concur, involved the movement of Public Benefit Corporations, previously reported as Debt Issuing Authorities, into the Enterprise Fund.

In our opinion, based on our examination and the reports of other auditors, the general purpose financial statements present fairly the financial position of the Commonwealth of Kentucky at June 30, 1987, and the results of its operations and the changes in financial position of its Proprietary Funds and similar Trust Funds for the year then ended, in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year, except as it relates to the General Long-Term Obligations Account Group, as discussed in the second paragraph above.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements included in this report on pages 54 through 119 are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Commonwealth of Kentucky. These statements have been subjected to the auditing procedures applied in the examination of the general purpose financial statements. In our opinion, the combining and individual fund statements are fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The statistical and economic data presented in this report on pages 120 through 128 were not audited by us, and, accordingly, we do not express an opinion thereon.

Yours for a better Kentucky,



Mary Ann Tobin
State Auditor of Public Accounts



*The State Capitol
Frankfort*

General Purpose Financial Statements



COMMONWEALTH OF KENTUCKY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1987
(Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>ASSETS</u>				
CASH AND CASH EQUIVALENTS (NOTE 5)	\$ 360,360	\$ 420,448	\$ 74,974	\$ 58,634
CASH WITH FISCAL AGENTS		14,381	60,660	
CASH ON DEPOSIT WITH FEDERAL GOVERNMENT				
RESTRICTED CASH		745		
INVESTMENTS, NET OF AMORTIZATION (NOTE 5)		362,079	244,934	15,000
RECEIVABLES, NET (NOTE 1)	232,616	237,548	995	7,956
INTERFUND RECEIVABLES (NOTE 7)	6,230	104,740	25,461	1,693
ADVANCES TO OTHER FUNDS				48
INVENTORIES	7,794	27,920		
PREPAID EXPENSES				
DEFERRED CHARGES				
LAND				
IMPROVEMENTS OTHER THAN BUILDINGS				
BUILDINGS				
MACHINERY AND EQUIPMENT				
LESS ACCUMULATED DEPRECIATION				
CONSTRUCTION IN PROGRESS				
AMOUNTS AVAILABLE IN DEBT SERVICE FUND				
AMOUNTS TO BE PROVIDED IN FUTURE YEARS FOR RETIREMENT OF GENERAL LONG-TERM OBLIGATIONS		527		
OTHER ASSETS				
TOTAL ASSETS, NET	<u>\$ 607,000</u>	<u>\$ 1,168,388</u>	<u>\$ 407,024</u>	<u>\$ 83,331</u>
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 241,966	\$ 171,998	\$ 87,399	\$ 16,988
TAX REFUNDS PAYABLE	113,959			
ACCRUED LIABILITIES				
INTERFUND PAYABLES (NOTE 7)	7,713	132,215		1,644
ADVANCES FROM OTHER FUNDS				
CAPITAL LEASE OBLIGATIONS (NOTE 10)				
NOTES PAYABLE (NOTE 12)				
BONDS PAYABLE (NOTE 12)				
COMPENSATED ABSENCES PAYABLE (NOTE 1)				
AMOUNTS HELD IN CUSTODY FOR OTHERS				
DEPOSITS AND ADVANCE PAYMENTS				
DEFERRED REVENUE	37,812	58,625	15,514	1,949
OTHER LIABILITIES				
TOTAL LIABILITIES	<u>401,450</u>	<u>362,838</u>	<u>102,913</u>	<u>20,581</u>
FUND EQUITY:				
CONTRIBUTED CAPITAL (NOTE 1)				
INVESTMENT IN FIXED ASSETS (NOTE 1)				
RETAINED EARNINGS:				
RESERVED FOR:				
REVENUE BOND RETIREMENT				
UNRESERVED				
FUND BALANCE (NOTE 1)				
RESERVED FOR:				
ENCUMBRANCES		72,888		51,375
CONTINUING APPROPRIATIONS	42,942	159,239		38,646
REVENUE BOND RETIREMENT		13,509	235,065	
OTHER SPECIFIC PURPOSES (NOTE 1)	7,794	387,265		
UNRESERVED:				
DESIGNATED FOR DEBT SERVICE			69,046	
DESIGNATED FOR UNIVERSITIES AND COLLEGES				
UNDESIGNATED	154,814	172,649		(27,271)
TOTAL FUND EQUITY	<u>205,550</u>	<u>805,550</u>	<u>304,111</u>	<u>62,750</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 607,000</u>	<u>\$ 1,168,388</u>	<u>\$ 407,024</u>	<u>\$ 83,331</u>

SEE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		University & College Fund Types	Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Obligations	University	June 30, 1987	June 30, 1986
\$ 109,900	\$ 11,421	\$ 1,051,457	\$	\$	\$ 356,848	\$ 2,444,042	\$ 2,414,533
11,593		388			8,413	95,435	108,570
		203,157				203,157	111,810
434,689		3,908,934			299,993	5,265,629	4,163,766
978,758	1,362	207,220			101,430	1,767,885	1,677,464
28	1,140	3,504			30,682	173,478	125,053
						48	
3,726	4,944				15,813	60,197	59,009
376	56	93				525	6,633
20,967						20,967	23,769
24,260	919		48,346		34,347	107,872	102,369
46,272	370				30,417	77,059	73,675
200,484	10,547		367,746		1,059,436	1,638,213	1,592,950
23,170	46,035		306,806		440,754	816,765	743,195
(86,644)	(25,979)					(112,623)	(99,321)
2,604			50,068		36,146	88,818	62,300
				304,111		304,111	193,824
				3,569,551		3,569,551	2,324,134
110		4,979			9,035	14,651	9,012
<u>\$ 1,770,293</u>	<u>\$ 50,815</u>	<u>\$ 5,379,732</u>	<u>\$ 772,966</u>	<u>\$ 3,873,662</u>	<u>\$ 2,423,314</u>	<u>\$ 16,536,525</u>	<u>\$ 13,692,745</u>
\$ 45,871	\$ 3,745	\$ 45,298	\$	\$	\$ 46,883	\$ 660,148	\$ 479,741
						113,959	93,217
3,232	35	3,536			29,126	29,126	24,713
48					30,682	179,057	125,053
603	13,293					48	
36,397				1,333		15,229	12,496
1,262,941					3,619	40,016	23,583
2,338	2,815			2,068,313	641,564	3,973,818	3,452,306
		179,820		81,693		86,846	81,431
					3,508	183,328	160,607
3,809	1,144	51,573			495	495	297
6,917		24			17,478	187,904	180,877
<u>1,362,156</u>	<u>21,032</u>	<u>280,251</u>		<u>1,722,323</u>	<u>4,636</u>	<u>1,733,900</u>	<u>720,037</u>
				<u>3,873,662</u>	<u>777,991</u>	<u>7,202,874</u>	<u>5,354,358</u>
110,425			772,966		1,112,294	110,425	112,628
						1,885,260	1,736,308
204,878						204,878	188,635
92,834	29,783	4,786,777				4,909,394	4,223,773
					4,451	128,714	88,731
						240,827	169,153
						248,574	116,546
		25,272			471,447	891,778	966,155
						69,046	89,828
		287,432			57,131	57,131	66,009
<u>408,137</u>	<u>29,783</u>	<u>5,099,481</u>	<u>772,966</u>		<u>1,645,323</u>	<u>587,624</u>	<u>580,621</u>
<u>\$ 1,770,293</u>	<u>\$ 50,815</u>	<u>\$ 5,379,732</u>	<u>\$ 772,966</u>	<u>\$ 3,873,662</u>	<u>\$ 2,423,314</u>	<u>\$ 16,536,525</u>	<u>\$ 13,692,745</u>

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Governmental Fund Types				Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only) For The Year Ended	
	General	Special Revenue	Debt Service	Capital Projects		June 30, 1987	June 30, 1986
REVENUES: (Note 1)							
TAXES	\$2,772,312	\$ 552,240	\$	\$	\$ 294,122	\$ 3,618,674	\$ 3,327,468
LICENSES, FEES, AND PERMITS		137,333				137,333	77,988
INTERGOVERNMENTAL	3,981	1,386,675		26,226	9,044	1,425,926	1,454,066
CHARGES FOR SERVICES	1,443	201,704			10	203,157	221,641
FINES AND FORFEITS	31,135	5,955			1,484	38,574	34,725
INTEREST AND OTHER INVESTMENT INCOME	28,103	52,504	16,743	10,162	17,712	125,224	151,475
OTHER REVENUE	24,314	72,660	17,588	58	51,959	166,579	152,610
TOTAL REVENUES	2,861,288	2,409,071	34,331	36,446	374,331	5,715,467	5,419,973
EXPENDITURES:							
CURRENT:							
GENERAL GOVERNMENT	163,034	264,005			273	427,312	305,896
LEGISLATIVE AND JUDICIAL	81,481	245				81,726	79,252
COMMERCE	13,831	14,771				28,602	35,979
EDUCATION AND HUMANITIES	1,234,516	245,158			2	1,479,676	1,324,471
ENERGY	10,284	759				11,043	7,549
HUMAN RESOURCES	454,691	942,225			164,904	1,561,820	1,613,368
JUSTICE	62,980	12,234				75,214	75,037
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	29,426	22,887				52,313	50,669
CORRECTIONS	89,760	1,165				90,925	81,697
PUBLIC PROTECTION AND REGULATION	26,343	30,681			70,531	127,555	129,661
TRANSPORTATION	2,159	768,647				770,806	738,707
CAPITAL OUTLAY				106,231		106,231	94,214
DEBT SERVICE:							
PRINCIPAL RETIREMENT			87,826			87,826	66,659
INTEREST AND FISCAL CHARGES			135,468			135,468	278,178
OTHER EXPENDITURES			40,172			40,172	189
TOTAL EXPENDITURES	2,168,505	2,302,777	263,466	106,231	235,710	5,076,689	4,881,526
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	692,783	106,294	(229,135)	(69,785)	138,621	638,778	538,447
OTHER FINANCING SOURCES (USES):							
OPERATING TRANSFERS IN	8,359	162,198	214,711	12,276	947	398,491	348,283
OPERATING TRANSFERS OUT	(762,694)	(298,818)		(3,584)	(8,497)	(1,073,593)	(970,440)
PROCEEDS FROM SALE OF BONDS:							
NEW ISSUES			55,000	47,596		102,596	243,385
REFUNDING ISSUES (Note 12)			828,129			828,129	
PAYMENTS TO REFUNDED BOND ESCROW AGENT			(758,418)			(758,418)	
CAPITALIZED LEASES	169	113				282	
TOTAL OTHER FINANCING SOURCES (USES)	(754,166)	(136,507)	339,422	56,288	(7,550)	(502,513)	(378,772)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(61,383)	(30,213)	110,287	(13,497)	131,071	136,265	159,675
FUND BALANCE AT JULY 1 (NOTE 2)	256,890	844,968	193,824	78,283	181,633	1,555,598	1,393,184
EQUITY TRANSFER IN (OUT)	9,190	(7,115)		(2,036)		39	1,662
INCREASE (DECREASE) IN INVENTORIES	853	(2,090)				(1,237)	1,077
FUND BALANCE AT JUNE 30 (NOTE 2)	\$ 205,550	\$ 805,550	\$ 304,111	\$ 62,750	\$ 312,704	\$ 1,690,665	\$ 1,555,598

SEE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS.



*Old State Capitol
Frankfort*

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL BUDGETED FUND TYPES (NOTE 3)
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	General Fund			Transportation		
	Budget	Actual	Variance- favorable (unfavorable)	Budget	Actual	Variance- favorable (unfavorable)
REVENUES:						
TAXES	\$ 2,786,962	\$ 2,785,267	\$ (1,695)	\$ 446,248	\$ 493,932	\$ 47,684
LICENSES, FEES, AND PERMITS	13,127	12,104	(1,023)	143,431	116,957	(26,474)
INTERGOVERNMENTAL	4,031	3,981	(50)		4,692	4,692
CHARGES FOR SERVICES	1,050	1,439	389	23,555	24,118	563
FINES AND FORFEITS	30,530	31,231	701	200	5	(195)
INTEREST AND OTHER INVESTMENT						
INCOME	29,000	30,416	1,416	15,500	9,627	(5,873)
OTHER REVENUE	6,424	17,303	10,879	576	142,203	141,627
TOTAL REVENUES	<u>2,871,124</u>	<u>2,881,741</u>	<u>10,617</u>	<u>629,510</u>	<u>791,534</u>	<u>162,024</u>
EXPENDITURES:						
GENERAL GOVERNMENT	708,650	678,740	29,950			
LEGISLATIVE AND JUDICIAL	84,592	83,146	1,446			
COMMERCE	52,467	51,961	506			
EDUCATION AND HUMANITIES	1,407,130	1,405,702	1,428			
ENERGY	11,911	11,791	120			
HUMAN RESOURCES	479,264	465,728	13,536			
JUSTICE	63,829	63,734	95			
NATURAL RESOURCES AND ENVIRONMENTAL						
PROTECTION	29,946	29,470	476			
CORRECTIONS	95,172	94,820	352			
PUBLIC PROTECTION AND REGULATION	27,928	26,913	1,015			
TRANSPORTATION	5,602	2,228	3,374	742,975	742,066	909
TOTAL EXPENDITURES	<u>2,966,531</u>	<u>2,914,233</u>	<u>52,298</u>	<u>742,975</u>	<u>742,066</u>	<u>909</u>
EXCESS OF REVENUES OVER (UNDER)						
EXPENDITURE	<u>\$ (95,407)</u>	<u>\$ (32,492)</u>	<u>\$ 62,915</u>	<u>\$ (113,465)</u>	<u>\$ 49,468</u>	<u>\$ 162,933</u>

SEE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS.

Federal			Trust and Agency			Capital Construction		
Budget	Actual	Variance- favorable (unfavorable)	Budget	Actual	Variance- favorable (unfavorable)	Budget	Actual	Variance- favorable (unfavorable)
\$	\$	\$	\$	\$	\$	\$	\$	\$
	215			311,856				
	1,335,835			23,838				
	68			17,700			24,681	
	82			537,000				
				6,369				
	1			40,948			14,501	
	30,312			323,015			246,908	
	1,366,513			1,260,726			286,090	
47,794	33,723	14,071	746,538	607,187	139,351	126,795	72,131	54,664
93	92	1	101	10	91			
559	471	88	64,887	62,081	2,806	59,133	41,499	17,634
232,019	216,073	15,946	29,491	27,070	2,421	3,810	1,988	1,822
1,262	1,027	235	894	778	116	474	14	460
971,788	865,902	105,886	244,214	237,398	6,816	22,604	9,221	13,383
9,089	3,465	5,624	11,552	10,157	1,395	1,731	493	1,238
24,181	17,067	7,114	7,944	6,461	1,483	98,850	25,286	73,564
494	422	72	11,312	9,984	1,328	57,855	13,680	44,175
5,848	5,240	608	109,156	99,339	9,817	521	498	23
266,755	229,049	37,706	2,621	825	1,796	2,201	2,201	
1,559,882	1,372,531	187,351	1,228,710	1,061,290	167,420	373,974	167,011	206,963
\$	\$ (6,018)	\$	\$	\$ 199,436	\$	\$	\$ 119,079	\$

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only) For The Year Ended	
	Enterprise	Internal Service	Nonexpend- able Trust	Pension Trust	June 30, 1987	June 30, 1986
OPERATING REVENUES:						
CHARGES FOR SERVICES	\$ 59,279	\$ 64,729	\$	\$	\$ 124,008	\$ 120,159
CONTRIBUTIONS				447,911	447,911	422,557
INTEREST AND OTHER INVESTMENT INCOME	121,492		8	436,445	557,945	596,468
OTHER REVENUE	1,195	265		92,727	94,187	52,639
TOTAL OPERATING REVENUES	<u>181,966</u>	<u>64,994</u>	<u>8</u>	<u>977,083</u>	<u>1,224,051</u>	<u>1,191,823</u>
OPERATING EXPENSES:						
PERSONAL SERVICES	38,854	22,340			61,194	63,221
UTILITIES, RENTALS, AND OTHER SERVICES	18,786	17,529			36,315	37,360
COMMODITIES AND SUPPLIES	17,426	14,618			32,044	27,371
ADMINISTRATIVE EXPENSES				4,886	4,886	8,697
GRANTS AND SUBSIDIES	13,139	1,179			14,318	19,007
DEPRECIATION AND AMORTIZATION	11,409	6,333		65	17,807	20,063
BENEFITS				235,419	235,419	211,028
REFUND OF CONTRIBUTIONS				16,297	16,297	17,623
INTEREST	100,017				100,017	94,898
TRAVEL	343	228			571	1,109
OTHER EXPENSES	3,492			24,237	27,729	21,679
TOTAL OPERATING EXPENSES	<u>203,466</u>	<u>62,227</u>	<u></u>	<u>280,904</u>	<u>546,597</u>	<u>522,056</u>
OPERATING INCOME (LOSS)	<u>(21,500)</u>	<u>2,767</u>	<u>8</u>	<u>696,179</u>	<u>677,454</u>	<u>669,767</u>
NONOPERATING REVENUE (EXPENSES):						
INTERGOVERNMENTAL REVENUE	1,459				1,459	862
GENERAL FUND APPROPRIATIONS	600				600	
GRANTS AND DONATIONS	153				153	213
MEMBERSHIP REVENUE	181				181	165
KENTUCKY CENTER FOR THE ARTS ENDOWMENT	213				213	325
OTHER REVENUE	361				361	
GAIN (LOSS) ON SALE OF FIXED ASSETS	(261)	(699)			(960)	(15)
INTEREST AND OTHER INVESTMENT INCOME	838				838	1,038
INTEREST EXPENSE	(441)	(1,105)			(1,546)	(499)
JUDGEMENTS AND CONTINGENCIES	(22)				(22)	(398)
OTHER EXPENSES	9				9	(9)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>3,090</u>	<u>(1,804)</u>	<u></u>	<u></u>	<u>1,286</u>	<u>1,682</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS AND EXTRAORDINARY ITEM	<u>(18,410)</u>	<u>963</u>	<u>8</u>	<u>696,179</u>	<u>678,740</u>	<u>671,449</u>
OPERATING TRANSFERS IN	21,497	4,289		16,499	42,285	46,027
OPERATING TRANSFERS OUT	(859)	(3,661)		(16,499)	(21,019)	(15,884)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	<u>2,228</u>	<u>1,591</u>	<u>8</u>	<u>696,179</u>	<u>700,006</u>	<u>701,592</u>
EXTRAORDINARY LOSS ON DEFEASANCE (NOTE 11)	<u>(4,489)</u>	<u></u>	<u></u>	<u></u>	<u>(4,489)</u>	<u></u>
NET INCOME (LOSS)	<u>(2,261)</u>	<u>1,591</u>	<u>8</u>	<u>696,179</u>	<u>695,517</u>	<u>701,592</u>
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CAPITAL GRANTS	<u>5,132</u>	<u></u>	<u></u>	<u></u>	<u>5,132</u>	<u>5,449</u>
INCREASE IN RETAINED EARNINGS	<u>2,871</u>	<u>1,591</u>	<u>8</u>	<u>696,179</u>	<u>700,649</u>	<u>707,041</u>
RETAINED EARNINGS AT JULY 1 (NOTE 2)	<u>294,841</u>	<u>28,231</u>	<u>415</u>	<u>4,090,175</u>	<u>4,413,662</u>	<u>3,707,683</u>
EQUITY TRANSFERS IN (OUT)	<u></u>	<u>(39)</u>	<u></u>	<u></u>	<u>(39)</u>	<u>(1,062)</u>
RETAINED EARNINGS AT JUNE 30 (NOTE 2)	<u>\$ 297,712</u>	<u>\$ 29,783</u>	<u>\$ 423</u>	<u>\$4,786,354</u>	<u>\$ 5,114,272</u>	<u>\$ 4,413,662</u>

SEE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS.

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

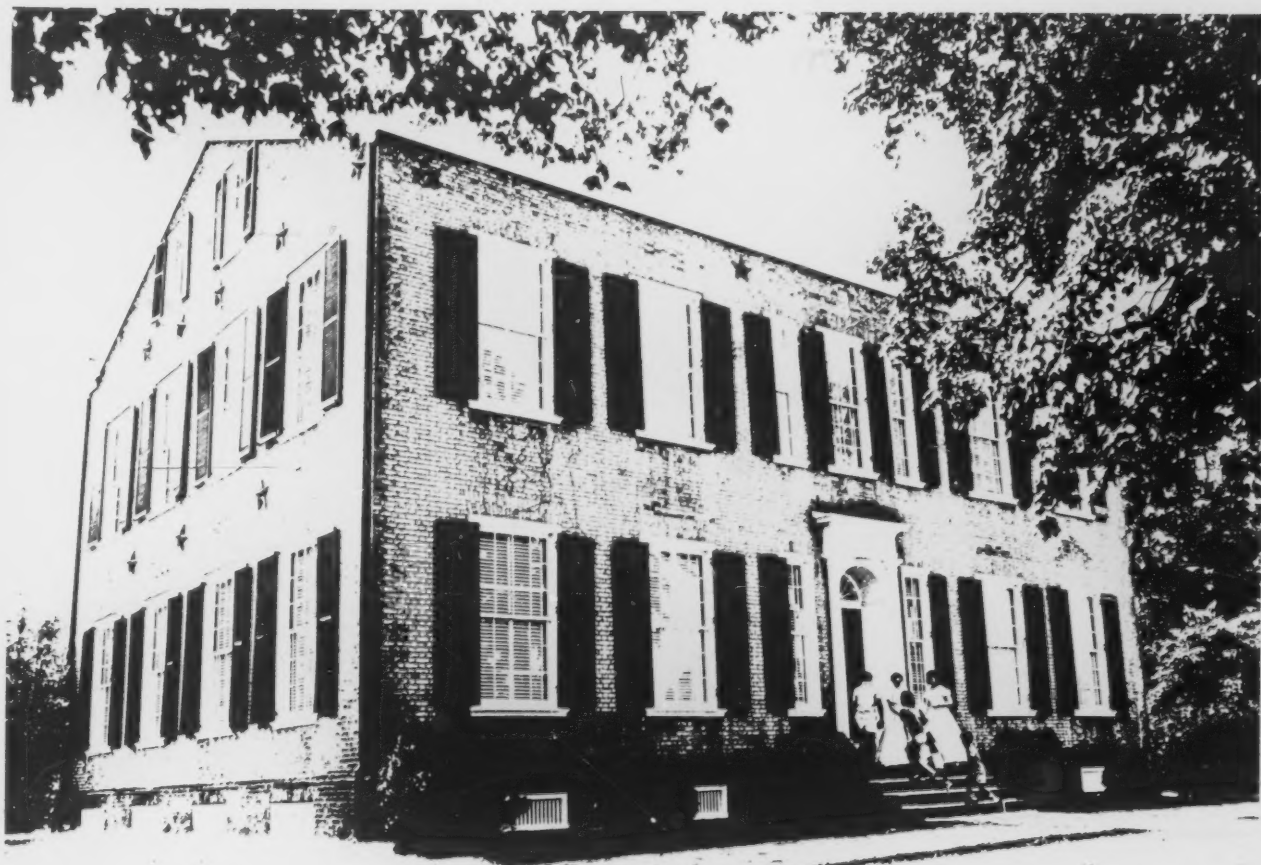
	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only) For The Year Ended	
	Enterprise	Internal Service	Nonexpend- able Trust	Pension Trust	June 30, 1987	June 30, 1986
SOURCES OF WORKING CAPITAL:						
OPERATIONS:						
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	\$ 2,228	\$ 1,591	\$ 8	\$ 696,179	\$ 700,006	\$ 698,508
ITEMS NOT REQUIRING (PROVIDING)						
WORKING CAPITAL:						
DEPRECIATION AND AMORTIZATION	12,073	6,333		(4,556)	13,850	6,727
(GAIN) LOSS ON SALE OF FIXED ASSETS	261	699			960	(91)
OTHER ITEMS NOT REQUIRING (PROVIDING)						
WORKING CAPITAL	360				360	122
WORKING CAPITAL PROVIDED BY OPERATIONS						
EXCLUSIVE OF EXTRAORDINARY ITEM	14,922	8,623	8	691,623	715,176	705,266
EXTRAORDINARY LOSS ON DEFEASANCE	(4,489)				(4,489)	
WORKING CAPITAL PROVIDED BY OPERATIONS	10,433	8,623	8	691,623	710,687	705,266
PROCEEDS FROM SALE OF LONG-TERM INVESTMENTS	204,322		11	2,024	206,357	647
PROCEEDS FROM SALE OF FIXED ASSETS	265	9			274	167
PROCEEDS FROM SALE OF BONDS AND NOTES	129,502				129,502	330,702
DECREASE IN LONG-TERM RECEIVABLES	13,395				13,395	13,728
INCREASE IN LONG-TERM CAPITAL LEASE OBLIGATIONS	154	5,562			5,716	500
INCREASE IN LONG-TERM COMPENSATED ABSENCES	1,066	1,699			2,765	433
INCREASE IN CONTRIBUTED CAPITAL	2,929				2,929	
OTHER SOURCES OF WORKING CAPITAL	1,279				1,279	25,161
TOTAL SOURCES OF WORKING CAPITAL	363,345	15,893	19	693,647	1,072,904	1,076,604
USES OF WORKING CAPITAL:						
INCREASE IN LONG-TERM RECEIVABLES	8,631				8,631	22,569
ACQUISITION OF FIXED ASSETS	6,401	11,262			17,663	4,159
PAYMENT OF LONG-TERM CAPITAL LEASE OBLIGATIONS	460	3,501			3,961	191
PAYMENTS AND CURRENT MATURITIES OF						
LONG-TERM DEBT	116,287				116,287	177,229
DEFEASANCE OF LONG-TERM DEBT	25,025				25,025	
PAYMENT OF LONG-TERM COMPENSATED ABSENCES	1,174	1,684			2,858	926
PURCHASE OF LONG-TERM INVESTMENTS	204,899			518,221	723,120	680,671
EQUITY TRANSFERS OUT		39			39	1,062
OTHER USES OF WORKING CAPITAL	588			281	869	5,180
TOTAL USES OF WORKING CAPITAL	363,465	16,486		518,502	898,453	891,987
NET INCREASE (DECREASE) IN WORKING CAPITAL	\$ (120)	\$ (593)	\$ 19	\$ 175,145	\$ 174,451	\$ 184,617
ELEMENTS OF NET INCREASE (DECREASE)						
IN WORKING CAPITAL:						
CASH AND CASH EQUIVALENTS	\$ 12,164	\$ (3,018)	\$ 30	\$ 201,882	\$ 211,058	\$ 43,786
CASH WITH FISCAL AGENTS	113				113	607
INVESTMENTS, NET OF AMORTIZATION	15,403				15,403	95,309
ACCRUED INVESTMENT INCOME				14,207	14,207	(9,898)
RECEIVABLES, NET	(390)	(1,118)		(31,039)	(32,547)	51,866
INTERFUND RECEIVABLES	(42)	711			669	(134)
INVENTORIES	341	1,382			1,723	328
PREPAID EXPENSES	104	43		(6,256)	(6109)	(97)
OTHER ASSETS	30			(95)	(65)	11,989
ACCOUNTS PAYABLE	(1,317)	2,643		(2,470)	(1,144)	(5,468)
INTERFUND PAYABLES	(2,830)	20			(2,810)	(178)
ADVANCES FROM OTHER FUNDS	(48)				(48)	
DEFERRED REVENUE	272	483			755	(1,292)
CURRENT PORTION OF CAPITAL LEASE OBLIGATIONS	(20)	(1,530)			(1,550)	(225)
CURRENT PORTION OF LONG-TERM DEBT	(23,397)				(23,397)	(1,143)
CURRENT PORTION OF COMPENSATED ABSENCES	(250)	(209)			(459)	(874)
OTHER LIABILITIES	(253)		(11)	(1,084)	(1,348)	41
NET INCREASE (DECREASE) IN WORKING CAPITAL	\$ (120)	\$ (593)	\$ 19	\$ 175,145	\$ 174,451	\$ 184,617

SEE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS.

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
ALL UNIVERSITY AND COLLEGE CURRENT FUNDS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Unrestricted	Restricted	Totals For The Year Ended	
			June 30, 1987	June 30, 1986
REVENUES:				
TUITION AND FEES	\$ 134,086	\$ 43	\$ 134,129	\$ 122,666
FEDERAL GRANTS AND CONTRACTS	14,254	51,359	65,613	66,246
STATE/LOCAL GRANTS AND CONTRACTS	5,736	25,407	31,143	29,397
PRIVATE GIFTS, GRANTS AND CONTRACTS	7,019	28,175	35,194	24,229
ENDOWMENT INCOME	705	2,007	2,712	2,164
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	20,511		20,511	18,156
SALES AND SERVICES OF AUXILIARY ENTERPRISES AND HOSPITALS	173,638	386	174,024	169,221
OTHER REVENUE	49,602	3,001	52,603	38,582
TOTAL CURRENT REVENUES	405,551	110,378	515,929	470,661
EXPENDITURES AND TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	299,601	12,637	312,238	285,121
RESEARCH	27,269	26,894	54,163	46,160
PUBLIC SERVICE	54,293	17,458	71,751	67,564
ACADEMIC SUPPORT	49,541	3,370	52,911	54,912
LIBRARIES	26,230	1,268	27,498	25,185
STUDENT SERVICES	40,978	1,313	42,291	38,360
INSTITUTIONAL SUPPORT	68,411	924	69,335	64,496
STUDENT FINANCIAL AID	16,190	39,037	55,227	52,773
MAINTENANCE AND OPERATION	70,790	109	70,899	67,538
OTHER EXPENDITURES		27	27	76
TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	653,303	103,037	756,340	702,185
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	32,715	1,960	34,675	31,711
CURRENT FUND - RESTRICTED	501	(501)		
LOAN FUND	58		58	103
RETIREMENT OF INDEBTEDNESS				431
NON-MANDATORY TRANSFERS FOR:				
CURRENT FUND - UNRESTRICTED	(714)	244	(470)	(7,871)
CURRENT FUND - RESTRICTED				(5,034)
LOAN FUND	9		9	
ENDOWMENT AND SIMILAR FUND	54	1,997	2,051	1,292
FOUNDATIONS		173	173	
UNEXPENDED PLANT FUND	10,124	257	10,381	16,512
RENEWAL AND REPLACEMENT				373
TOTAL EDUCATIONAL AND GENERAL	696,050	107,167	803,217	739,702
AUXILIARY ENTERPRISES AND HOSPITALS:				
EXPENDITURES	157,319	884	158,203	143,467
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	8,518		8,518	7,440
CURRENT FUND - UNRESTRICTED	(47)		(47)	
RENEWAL AND REPLACEMENT	22		22	53
RETIREMENT OF INDEBTEDNESS				64
INVESTMENT IN PLANT	568		568	
NON-MANDATORY TRANSFERS FOR:				
CURRENT FUND - UNRESTRICTED	300		300	385
AUXILIARY ENTERPRISES AND HOSPITALS - UNRESTRICTED				(3,924)
CURRENT FUND - RESTRICTED				91
ENDOWMENT AND SIMILAR FUND	2,525		2,525	
UNEXPENDED PLANT FUND	5,020		5,020	14,949
RENEWAL AND REPLACEMENT	2,492		2,492	2,072
INVESTMENT IN PLANT				439
TOTAL AUXILIARY ENTERPRISES AND HOSPITALS	176,717	884	177,601	165,036
TOTAL EXPENDITURES AND TRANSFERS	872,767	108,051	980,818	904,738
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):				
TRANSFERS FROM THE GENERAL FUND	478,393	519	478,912	446,051
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		801	801	2,969
INDIRECT COST RECOVERED	2,958		2,958	2,256
REFUNDS TO GRANTORS		(50)	(50)	(27)
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	(258)	(87)	(345)	1,042
NET INCREASE (DECREASE) IN FUND BALANCE	\$ 13,877	\$ 3,510	\$ 17,387	\$ 18,214

SEE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS.



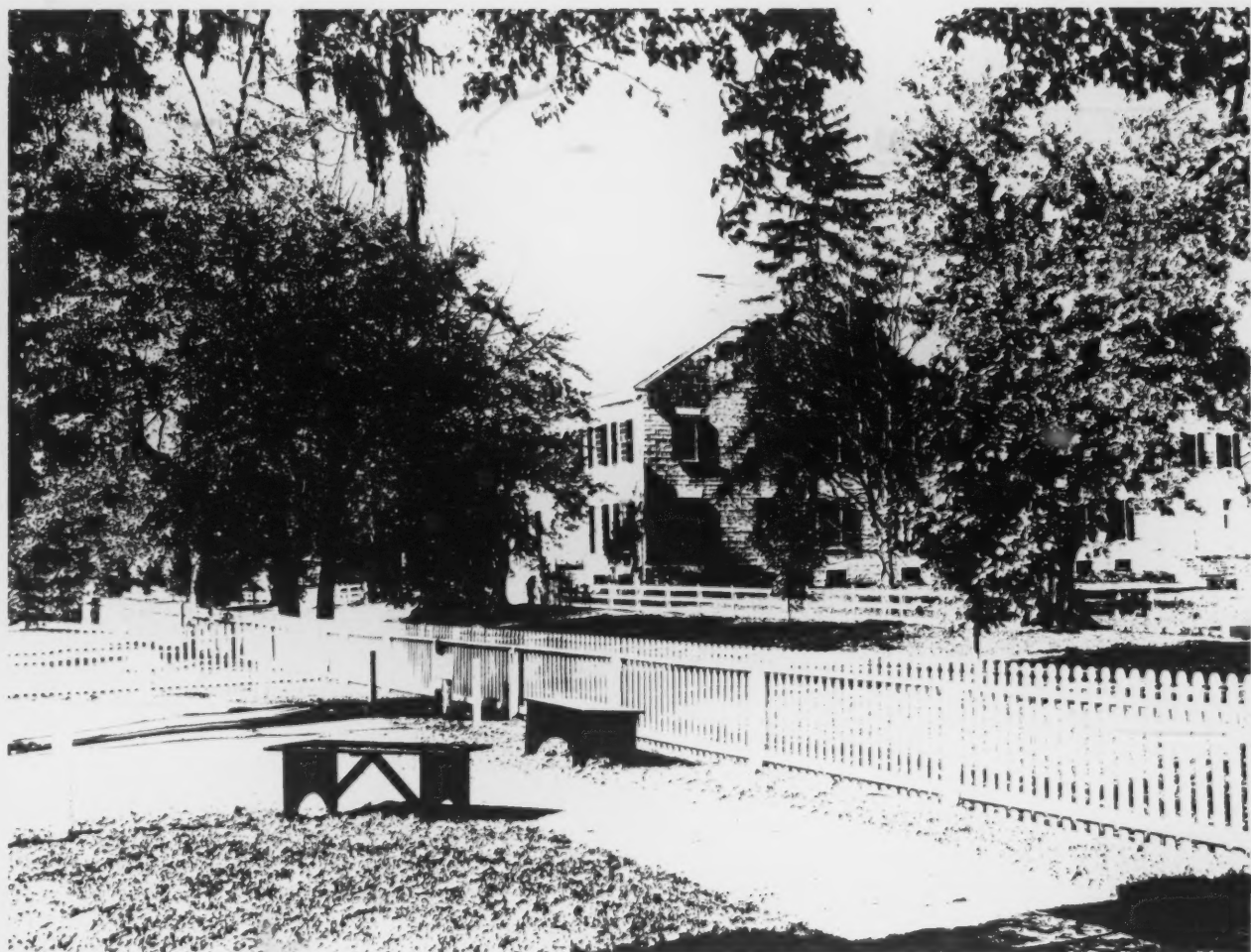
*My Old Kentucky Home
Bardstown*

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF CHANGES IN FUND BALANCES
ALL UNIVERSITY AND COLLEGE FUNDS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Current Funds		Loan	Endowment and Similar
	Unrestricted	Restricted		
REVENUES AND OTHER ADDITIONS:				
EDUCATIONAL AND GENERAL REVENUES	\$ 198,819	\$ 104	\$	\$
AUXILIARY ENTERPRISES AND HOSPITALS REVENUES	174,692	153		
INDIRECT COST RECOVERED	2,512			
RESTRICTED GRANTS AND CONTRACTS		80,205	576	
RESTRICTED GIFTS AND GRANTS	4,987	26,750	32	3,108
RESTRICTED INVESTMENT INCOME	2,179	484		
ENDOWMENT INCOME		2,116		
INTEREST AND OTHER INVESTMENT INCOME			1,483	838
EXPENDED FOR PLANT FACILITIES				
RETIREMENT OF INDEBTEDNESS				
OTHER REVENUE AND OTHER ADDITIONS	25,350	2,543	593	7,591
TOTAL REVENUES AND OTHER ADDITIONS	408,539	112,355	2,684	11,537
EXPENDITURES AND OTHER DEDUCTIONS:				
EDUCATIONAL AND GENERAL EXPENDITURES	653,302	102,807		
AUXILIARY ENTERPRISES AND HOSPITALS EXPENDITURES	157,319	884		
INDIRECT COST RECOVERED				
REFUNDS TO GRANTORS		50	161	
ADMINISTRATIVE, COLLECTION, AND LITIGATION COSTS		52	770	
LOAN CANCELLATIONS			820	
PAYMENT TO BENEFICIARIES				32
EXPENDED FOR PLANT FACILITIES				
RETIREMENT OF INDEBTEDNESS				
INTEREST PAYMENTS				
RETURN OF STATE GRANTS				
DISPOSAL OF PLANT FACILITIES				
NOTES ISSUED				
OTHER EXPENDITURES AND OTHER DEDUCTIONS	289	1,441	425	1,428
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	810,910	105,234	2,176	1,460
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):				
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	(41,233)	(1,960)		
CURRENT FUND - UNRESTRICTED	47			
CURRENT FUND - RESTRICTED	(501)	501		
LOAN FUND	(58)		58	
RENEWAL AND REPLACEMENT	(22)			
RETIREMENT OF INDEBTEDNESS				
NON-MANDATORY TRANSFERS FOR:				
CURRENT FUND - UNRESTRICTED	414	(244)		
LOAN FUND	(9)		73	(64)
ENDOWMENT AND SIMILAR FUND	(2,579)	(1,997)		10,863
FOUNDATIONS		(173)		
UNEXPENDED PLANT FUND	(15,144)	(257)		
RENEWAL AND REPLACEMENT	(2,492)			
RETIREMENT OF INDEBTEDNESS				
INVESTMENT IN PLANT	(568)			
GENERAL FUND	478,393	519		
TOTAL TRANSFERS AMONG FUNDS	416,248	(3,611)	131	10,799
INCREASE (DECREASE) IN FUND BALANCE	13,877	3,510	639	20,876
FUND BALANCE AT JULY 1 (NOTE 2)	105,421	29,074	50,347	83,680
FUND BALANCE AT JUNE 30 (NOTE 2)	\$ 119,298	\$ 32,584	\$ 50,986	\$ 104,556

SEE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS.

Foundations	Plant Funds				Totals (Memorandum Only) For The Year Ended	
	Unexpended Plant	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	June 30, 1987	June 30, 1986
	\$	\$	\$	\$	\$	\$
					198,923	200,748
					174,845	168,896
					2,512	2,256
37,358	2		506		118,647	127,120
14,509	6,544	8		14,976	70,914	42,210
					2,663	3,009
					2,116	1,576
9,342	6,315	591	4,840		23,409	17,866
				67,774	67,774	60,510
			242		17,666	13,792
22,765	18,587	2		1,242	78,673	52,734
83,974	31,448	601	5,588	101,658	758,384	690,717
					756,109	702,017
					158,203	143,467
						946
					211	228
					822	710
					820	833
1,192					1,224	1,244
	43,733	1,969		1,341	47,043	30,304
			17,236		17,236	20,472
	255		30,852		31,107	29,302
	117				117	1,319
				6,184	6,184	5,973
				3,259	3,259	13,506
71,540	31		1,602	22,092	98,848	46,889
72,732	44,136	1,969	49,690	32,876	1,121,183	997,210
			45,134	(1,941)		
			(47)			
		22				
	(812)		1,519	(707)		
		(55)	(115)			
(6,287)						
173						
(1,032)	18,341	(1,908)	(79)			
		2,571	9,040	(6,650)		
	(2,390)			2,295		
	(1,727)					
(7,146)	13,412	630	55,452	(7,003)	478,912	446,051
					478,912	446,051
4,096	724	(738)	11,350	61,779	116,113	139,558
72,208	91,408	9,850	43,083	1,044,139	1,529,210	1,389,652
\$ 76,304	\$ 92,132	\$ 9,112	\$ 54,433	\$ 1,105,918	\$ 1,645,323	\$ 1,529,210



Shakertown at Pleasant Hill

COMMONWEALTH OF KENTUCKY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1987

Note 1 - Significant Accounting Policies

- A. **Basis of Presentation** - The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements for the University and College Funds have been prepared in conformity with generally accepted accounting principles as prescribed by the AICPA Audit Guide, Audits of Colleges and Universities.
- B. **Financial Reporting Entity** - For financial reporting purposes, the Commonwealth of Kentucky includes all fund types, account groups, departments and agencies of the Commonwealth, as well as boards, commissions, authorities, corporations, colleges and universities over which the Commonwealth's executive, legislative, and judicial branches exercise oversight responsibility. The following criteria, as defined by the Governmental Accounting Standards Board, were utilized to determine the entity for the Commonwealth of Kentucky: selection of governing authority, appointment of management, constitutional officers' ability to significantly influence operations, accountability for fiscal operations, and scope of public service.

The following table discloses the criteria considered in determining the inclusion of component units in the financial statements. None of the component units listed meet the criteria for financial interdependency.

	Selection of Governing Authority	Appointment of Management	Constitutional Officers' Ability to Significantly Influence Operations	Scope of Public Service	Accountability for Fiscal Operations
Kentucky Center for the Arts	X	X	X	X	X
Kentucky Agricultural Finance Corporation	X	X	X	X	X
Kentucky Development Finance Authority	X	X	X	X	
Kentucky Higher Education Student Loan Corporation	X	X		X	X
Kentucky Housing Corporation	X	X	X	X	X
Kentucky Local Correctional Facilities Construction Authority	X	X	X	X	X
Kentucky Pollution Abatement and Water Resources Finance Authority	X	X	X	X	X

There are no component units excluded from these financial statements which met the criteria for inclusion.

- C. **Fund Structure and Basis of Accounting** - The accompanying financial statements are structured into four fund categories and two account groups. The fund categories include governmental funds, proprietary funds, fiduciary funds, and university and college funds. Account groups are presented for general fixed assets and general long-term obligations.

1. **Governmental funds include:**
- a. **General Fund** - accounts for financial resources appropriated by the General Assembly which are not required to be accounted for in another fund;
 - b. **Special Revenue Funds** - account for specific revenue sources, other than for expendable trusts or major capital projects, dedicated to specific operations;
 - c. **Debt Service Fund** - accounts for the accumulation of resources for, and the payment of, general long-term obligation principal and interest, and related administrative costs; and
 - d. **Capital Projects Fund** - accounts for financial resources appropriated by the General Assembly for the acquisition, construction, or renovation of major capital facilities, and for the acquisition of major equipment, other than those financed by proprietary funds, certain trust funds, and university and college funds.

All of the governmental funds are accounted for on the modified accrual basis of accounting. In accordance with the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the fiscal period. Available revenue will be received within 30 days. Principal revenue sources accounted for on the modified accrual basis include federal grants, sales and use tax, coal severance tax, property tax, departmental fees, income taxes, and interest income. Motor vehicle registration fees, and fines and forfeitures are accounted for on the cash basis. Property is assessed for property taxes as of January 1 each year, at its fair cash value, with the exception of out-of-state bank deposits, tobacco, and money in hand which is assessed as of September 1 each year. The levy date is September 15 with property taxes becoming delinquent January 1. Prior to June 1 of the following calendar year, a certificate of delinquency is sold by the county sheriff constituting a lien against the real estate described upon the face of the tax bill. Expenditures are recorded at the time liabilities are incurred except:

- Inventories generally are considered expenditures at acquisition;
- Prepayments usually are accounted for as expenditures of the period of acquisition; and
- Interest on long-term debt is recorded when paid.

2. **Proprietary funds include:**
- a. **Enterprise Funds (State)** - account for the Commonwealth's operations where the intent is that costs of providing goods and services primarily to the general public be financed chiefly through customer charges.

- b. Enterprise Funds (Public Benefit Corporations) - in compliance with NCGA Statement No. 3, "Defining the Governmental Reporting Entity", the Commonwealth has included in the general purpose financial statements several organizations which meet the criteria established by Statement No. 3. The inclusion of an organization in no way alters the defined prerogatives of the management of the organization, the organization's charter, statutory authority, or legal characteristics or conditions. Seven such organizations have been included in the Proprietary Fund Type classification of the Commonwealth. They are: The Kentucky Center for the Arts, Kentucky Housing Corporation, Kentucky Pollution Abatement and Water Resources Finance Authority, Kentucky Higher Education Student Loan Corporation, Kentucky Development Finance Authority, Kentucky Agricultural Finance Authority, and Kentucky Local Correctional Facilities Construction Authority.
- c. Internal Service Funds - account for financing goods and services provided by one agency of the Commonwealth primarily to other agencies or governments on a cost reimbursement basis.

All of the proprietary funds are accounted for on the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and become measurable. Expenses are recognized at the time liabilities are incurred.

- 3. Fiduciary Funds include:
 - a. Expendable Trust Funds - account for assets held by the Commonwealth as a legal trustee when both principal and interest may be expended for designated purposes.
 - b. Nonexpendable Trust Fund - accounts for assets held by the Commonwealth as a legal trustee in situations requiring that the principal be preserved intact and only the interest be expended as designated.
 - c. Pension Trust Funds - account for monies received for, expenses incurred by, and net assets available for plan benefits of the various public employee retirement systems.
 - d. Agency Funds - account for monies held by the Commonwealth and deferred compensation plans for custodial purposes only.

Expendable Trust and Agency Funds are accounted for on the modified accrual basis of accounting and are reported as a governmental fund type. Nonexpendable and Pension Trust Funds are accounted for on the accrual basis of accounting and reported as proprietary fund types.

- 4. University and College Funds include:
 - a. Current Funds - account for economic resources of the institution which are expendable for any purpose in performing the primary objectives of the institution and which have not been designated by the governing body for any other purpose; and for resources restricted for specific current operating purposes by a donor or other external agency;
 - b. Fiduciary Funds - account for assets held by loan, endowment, life income, and agency funds in which the universities act in a fiduciary capacity; and
 - c. Plant Funds - account for institutional property acquisition, renewal, replacement, debt service, and investment.
 - d. Affiliated Corporations - account for the activities of not-for-profit corporations which are affiliated with the various state universities. The not-for-profit corporations are considered to be affiliates of their respective universities due to interlocking Boards of Directors and officers who also serve as officers of the Universities. University of Kentucky affiliates are: University of Kentucky Research Foundation, The Fund for Advancement of Education and Research in the University of Kentucky Medical Center, University of Kentucky Athletic Association, Health Care Collection Services, Inc., University of Kentucky Mining Engineering Foundation, Inc., and University of Kentucky Business Partnership Foundation, Inc. Murray State University affiliate is the Murray State University Foundation, Inc. Eastern Kentucky University affiliate is the Eastern Kentucky University Foundation, Inc. Western Kentucky University affiliate is the College Heights Foundation, Inc. University of Louisville affiliate is University of Louisville Foundation, Inc. Northern Kentucky University affiliate is the Northern Kentucky University Foundation, Inc. Kentucky State University affiliate is the Kentucky State University Foundation, Inc.

The university and college funds are accounted for on the accrual basis of accounting.

- 5. Account Groups include:
 - a. General Fixed Assets Account Group - accounts for fixed assets acquired or constructed for general governmental purposes; other than those of the proprietary, fiduciary, and university and college fund types; and
 - b. General Long-Term Obligation Account Group - accounts for unmatured general long-term liabilities of the Commonwealth other than those of the proprietary, fiduciary, and university and college fund types.

Certain obligations included in the General Long-Term Obligations Account Group for the State Property and Buildings Commission are also reflected in the statements as investments: (1) The unemployment compensation administration invests in obligations of the State Property and Buildings Commission as permitted by KRS 341.296. These are Project 2 Series J bonds and Project 11 series A and B bonds. (2) The State Property and Buildings Commission issued \$41,380,000 Taxable University Refunding Bonds. The proceeds from this issue were used to purchase certain outstanding Housing and Dining Revenue bonds of the state's universities. The income from the Housing and Dining bonds will be used to pay the debt service on the Project Revenue Bonds. Savings will be used to reduce the universities' debt service requirements. See Note 12 for additional information.

- D. Budgetary Process and Control - The Commonwealth of Kentucky requires that each branch of government prepare and submit a recommended budget to the General Assembly for each of the two fiscal years to be included in a biennial budget. These budgets are prepared principally on the cash basis. The Legislature reviews these budget requests, makes any necessary revisions, and legally adopts a biennial budget for each of the three branches of government. The Governor has the power to approve or veto each bill, subject to Legislative override.

The Commonwealth has established five budgetary fund types to account for its budgetary activities and functions:

General - consists of all moneys, not otherwise restricted, available for the general operations of state government.

Road (Transportation) - consists of money derived from excise or license taxation relating to gasoline and other motor fuels, and moneys derived from fees, excise or license taxation relating to registration, operation or use of vehicles for use on public highways. A separate record of each source of receipt within this fund group shall be maintained.

Federal - includes receipts from the federal government for any purpose.

Trust and Agency - includes all fees, rental, admittances, sales, bond proceeds, licenses collected by law, gifts, subventions, contributions, income from investments, and other miscellaneous receipts produced or received for the use and benefit of State Government agencies for which the use is authorized.

Capital Construction - consists of moneys appropriated for capital construction projects, except road construction projects, for all budget units of state government.

The State enters into long-term contracts for construction of major capital projects and records the commitments as encumbrances. The State pays the cost of capital projects principally from resources obtained from revenue bond proceeds, operating transfers from the General Fund and federal grants. These resources are received, in many cases, after the long-term contracts are executed and recorded as encumbrances. Accordingly, the undesignated fund balance of the capital projects fund reflects a deficit. This deficit will be funded by future bond proceeds and capital appropriations from the general fund (see Note 15).

The head of each budget unit (i.e. function, major program area, program, or unit of organization) submits its budget unit request to the head of each branch of government (or his designee) by November 15 of the year prior to the convening of the General Assembly. The head of each branch of government submits a detailed branch budget recommendation to the General Assembly on or before the 10th legislative day of each regular session (on or before the 15th day for years following gubernatorial elections), consisting of: a budget message signed by the appropriate branch head, statements of income and expenditures for the past two (2) completed fiscal years, the current fiscal year budget, and estimates of income and expenditures for the next two (2) fiscal years.

By October 15th of the year preceding a regular session, the Revenue Cabinet provides each branch of government detailed preliminary revenue estimates for the general fund and road fund for the current and next two (2) fiscal years, including explanatory statements, and a comparative record of the actual revenues of these funds for each of the last (2) years concluded. The final detailed revenue estimates for these funds are presented to the General Assembly on or before the 15th legislative day. Appropriations made shall be based upon this revenue estimate and modifications made by the appropriations committees of the General Assembly. Official revenue estimates are not made for the other budgetary funds.

The branch budget recommendations include a plan for budget reduction when projected or actual tax receipts accruing to the general fund or road fund are at least 2½ percent but not more than 5 percent less than the revenue estimates described above. These budget reductions are not universal and should be weighted to continue providing the highest possible level of service. Transfer of funds may be authorized by the budget reduction plan. The Revenue Cabinet must notify all branches of government should budget reductions be necessary. If general fund or road fund tax receipts increase over the estimate deficits, services shall be restored in the reverse order of the reduced services.

A plan for the expenditure of general or road fund tax receipts up to 2½ percent in excess of the tax receipts estimates must be submitted as part of the branch budget recommendations. This excess can either be budgeted for expenditure for nonrecurring purposes or returned to general or road fund surplus for investment until such time as it is appropriated by the General Assembly.

The financial plan for each fiscal year as presented in a branch budget recommendation shall be adopted, with such modifications as made by the General Assembly (and explained in a budget memorandum) by the passage of the budget bill and such revenue and other acts necessary for the purpose. A budget bill shall not be effective past July 1, of the year in which the next regular session takes place.

The Finance and Administration Cabinet continuously monitors the financial situation of the Commonwealth and reports this situation to the heads of the three branches of government by the tenth day of each month.

By June 1 of the preceding fiscal year, each branch of government shall submit to the Finance and Administration Cabinet a schedule of quarterly allotments of appropriations for each budget unit of the branch for the next fiscal year.

Allotments may be revised upon written certification of the head of the branch of government for which the budget unit request is made.

General Fund appropriations for the fiscal year ended June 30, 1987, were \$2,966,531,256. This represents regular appropriations of \$3,063,568,111 and statutory reductions of \$97,036,855. Road fund appropriations were \$1,333,998,549 for the same period, consisting of \$649,949,766 regular appropriations and \$684,048,783 statutory revisions.

Federal and Trust and Agency Funds are budgeted as to expenditures only as their income is not readily determined. Federal Fund appropriations of \$74,709,400 for the Commonwealth's universities are shown in the budgetary Trust and Agency Fund under the General Government function.

Capital projects are budgeted by project for the total project cost. Although a "budget" for capital projects is authorized annually, this annual budget is the total authorized appropriations for new projects and approved revisions in the projects in progress. Therefore, the annual budget does not control the expenditures. The amounts presented as budgeted expenditures for the Capital Construction Fund in the accompanying Combined Statement of Revenues, Expenditures Budget and Actual (Budgetary Basis) - All Budgeted Fund Types represent the maximum expenditures authorized for the fiscal year. As of June 30, 1987, total project expenditures of \$944,426,092 have been expended against total appropriations of \$1,151,388,269, leaving unexpended appropriations of \$206,962,177.

Since the budget fund structure differs from the financial statement fund structure, and since the annual budget is prepared principally on the cash basis, which basis differs from general accepted accounting principles (GAAP), actual amounts in the accompanying budgetary comparison statements are presented in the budgetary fund structure. A reconciliation between the budgetary basis and the GAAP basis is presented in Note 3.

- E. Cash and Cash Equivalents - In addition to bank accounts, cash on hand, and imprest cash, this classification includes short-term investments such as certificates of deposit, U. S. Treasury bills, and repurchase agreements. Cash equivalents are generally stated at cost, which approximates market. Short-term investments, classified as cash equivalents at June 30, 1987, are \$1,559,571,000.
- F. Investments - This classification includes long-term investments, principally the portfolios of the Pension Trust Funds, which are stated at cost or amortized cost. See Note 5 for investment detail.
- G. Receivables - Receivables in the Commonwealth's governmental and fiduciary funds primarily consist of federal revenues, taxes, and interest on investments. Some governmental fund revenues are not susceptible to accrual prior to receipt, including licenses, fees, permits, and similar revenues which are recognized on the cash basis. Receivables in all other funds have arisen in the ordinary course of business. Receivables in the governmental funds are reported net of allowances for uncollectibles, where applicable, amounting to \$262,652,870.
- H. Interfund Transactions - The Commonwealth has the following types of interfund transactions:
1. Quasi-external transactions - Charges for services rendered by one fund to another that are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund;
 2. Reimbursements - Reimbursement of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund;
 3. Residual Equity Transfers - Nonroutine or nonrecurring transfers between funds are reported as additions to or deductions from the fund equity balance; and
 4. Operating Transfers - Legally authorized transfers other than residual equity transfers are reported as operating transfers in the financial statements.
- The composition of the interfund transactions is presented in Note 7.
- I. Inventories - Inventories in the governmental funds and similar trust funds consist of expendable supplies held for consumption, the costs of which are recorded as an expenditure at the time of purchase. Reserves of fund balance have been established for the inventory balances for governmental funds. Inventories in the proprietary funds and similar trust funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the costs of which are recorded as an expense as they are used. Inventories are valued at cost (first-in, first-out, or average cost).
- J. Fixed Assets and Depreciation
1. General Fixed Assets - All fixed assets acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition. Fixed assets are valued in the General Fixed Assets Account Group at historical cost or estimated historical cost if historical cost is not available. Historical cost has been estimated for approximately ninety (90) percent of the Commonwealth's buildings acquired through June 30, 1986. The estimate of historical cost was based on appraised value, as of June 30, 1986, indexed to date of acquisition. Donated land is reported at estimated fair market value at the time donated. Also certain public domain (infrastructure) general fixed assets such as highways, curbs, bridges, and right-of-ways are not capitalized. No depreciation is provided on general fixed assets.
 2. Proprietary and Similar Fiduciary Fund Types - Fund fixed assets acquired or constructed have been stated at historical cost, estimated historical cost, or fair value at time of acquisition. Historical cost has been estimated for approximately fifty (50) percent of the proprietary fund's buildings acquired through June 30, 1986. The estimate of historical cost was based on appraised value as of June 30, 1986, indexed to date of acquisition. They are being depreciated principally on a straight-line basis over estimated useful lives ranging from 5 to 50 years for Buildings and 3 to 25 years for Machinery and Equipment.
 3. University and College Fund Type - Fixed assets in the university and college fund type are stated at cost or fair market value. Depreciation is not recognized on university fixed assets.
 4. It is the Commonwealth's policy to capitalize interest expense incurred on significant assets in proprietary funds during their construction in accordance with FASB Statement No. 62.
 5. The component financial statements of Kentucky Center for the Arts, fiscal year 1987, do not contain the Center's land and buildings. The Finance and Administration Cabinet, Division of Accounts, Financial Reporting Branch, has adjusted the Kentucky Center for the Arts columns on all appropriate combining statements included in the Commonwealth of Kentucky Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1987, to add dollar amounts for land, buildings, depreciation, and contributed capital associated with the Center in order to satisfy GAAP requirements regarding the state financial reporting entity.
- K. Fund Equity Reserves and Designations - The Commonwealth's fund balance reserves represent those portions of fund balance 1) not appropriate for expenditure, or 2) legally segregated for a specific future use. Designated portions of fund balance represent tentative managerial plans for financial resource utilization in a future period. (expressed in thousands)

Fund Balance Reserved for Other Specific Purposes

	General	Special Revenue	Trust and Agency	Universities
Loans	\$	\$ 21,524	\$	\$
Investments		4,521	8,593	
Capital Outlay				104,616
Inventories	7,794	27,920		
Restricted gifts, grants, and contracts				366,831
Compensating balance with depositories		745		
Toll road construction		332,555		
Workers compensation claims			16,679	
Total	\$ 7,794	\$ 387,265	\$ 25,272	\$ 471,447

L. Long-Term Obligations - Long-term liabilities that will be financed from governmental funds and expendable trust funds are accounted for in the General Long-Term Obligations Account Group. These long-term liabilities include the following:

1. Payments of principal and interest for general obligation debt and revenue bonds which are recorded as expenditures in the Debt Service Fund.
2. Compensated absences reported in the General Long-Term Obligations Account Group include accumulated unpaid vacation and compensatory time accruals. The amount accruing to proprietary funds and pension trust fund has been included in the respective funds when material.

The policy of the Commonwealth is to record the cost of annual and compensatory leave. Annual leave is accumulated at amounts ranging from 7.5 to 13.13 hours per month, determined by length of service, with maximum accumulations ranging from 30 to 60 days. At June 30, 1987, the estimated liability for accrued annual leave for the governmental and proprietary funds was \$67,473,438 and \$4,261,429, respectively. Compensatory leave is granted to authorized employees on an hour-for-hour basis. At June 30, 1987, the estimated liability for compensatory leave in the governmental and proprietary funds was \$14,219,812 and \$897,603, respectively.

Sick leave is earned one day per month with unlimited accumulation. A maximum of six (6) months of a qualifying retiring employee's sick leave balance, expressed in months, shall be added to their service credit for the purpose of determining their annual retirement. There is no liability in the accompanying financial statements for unpaid accumulated sick leave, since it is the Commonwealth's policy to record the cost of sick leave only when paid. See Note 14 for disclosure of the amount of this contingency.

3. Outstanding capital lease obligations for governmental funds and expendable trust funds are reported in the General Long-Term Obligations Account Group.
4. Long-term liabilities of all proprietary, nonexpendable trust and pension trust funds are accounted for in the respective funds.
5. Workers compensation claims, which have been awarded and will be paid in the future from the Special Benefit Fund, are \$779,573,421. An actuarial study of workers compensation projects a liability of \$1,688,925,559 to be paid through the year 2076. This includes amounts for claims which have been awarded, claims which are pending, and incidents which have occurred but have not been reported. This total liability is included in the General Long-Term Debt Account Group. See Note 15 for funding of this liability.
6. Claims and judgements for the fiscal year 1987 are \$34,911,000 (total amount determined for the year in accordance with GASB codification and FASB Statement 5). This consists of \$28,762,000 which are recorded as long-term obligations and \$6,149,000 which are recorded as expenditures.

M. Contributed Capital - The Enterprise Funds receive general fund appropriations and proceeds of revenue bonds for the acquisition of specific fixed assets. The debt service for these bonds is paid by the Commonwealth's General Fund and the liability is reported in the General Long-Term Obligations Account Group. The assets acquired with the proceeds of the revenue bonds are accounted for in the Capital Projects Fund until completion, at which time the fixed assets are transferred to the appropriate Enterprise Fund with an offsetting entry to contributed capital. (Expressed in thousands)

Contributed capital at June 30, 1986, as previously reported	\$ 107,180	
Restatements:		
Contributed fixed assets previously omitted	31,700	
Contributed capital previously reported as retained earnings	5,136	
Contributed capital, as restated July 1, 1986		\$ 144,016
Amortization, as previously reported June 30, 1986	18,777	
Restatements:		
Amortization relating to contributed fixed assets previously omitted	2,368	
Amortization previously charged against retained earnings in error	10,243	
Less: Amortization July 1, 1986 as restated		31,388
Net contributed capital at July 1, 1986, as restated		112,628
Additions: Fiscal year 1987		2,929
Less: Fiscal Year 1987 amortization		5,132
Net contributed capital at June 30, 1987		\$ 110,425

N. Total - Memorandum Only - The "Total - Memorandum Only" column represents an aggregation of the individual combined financial statements. The total column is presented for overview informational purposes and does not represent consolidated financial information.

Note 2 - Changes in Accounting Principles, Reporting Practices, and Prior Period Adjustments - The fund balances/retained earnings as previously reported have been restated to conform to generally accepted accounting principles and correct balances for erroneous transactions.

The following table summarizes the restatement of fund balances/retained earnings as of July 1, 1986, to give effect to these changes (amounts expressed in thousands):

Financial Statement Fund Types	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Debt Issuing Authorities
Fund balances/retained earnings June 30, 1986, as previously reported	\$ 279,149	\$ 845,150	\$ 209,877	\$ 78,283	\$ 103,600	\$ 188,307
To correct error in cash account						
To correct fund classification					188,307	(188,307)
To correct accumulated depreciation charged against retained earnings					10,243	
To reclassify fund equity from retained earnings to contributed capital for revenue bond issues previously omitted					(5,136)	
To correct error in revenue and expenditure accruals	(22,259)					
To correct error in operating transfers-in			(11,155)			
To correct prior period errors (net)		(182)	(4,898)		(2,173)	
Fund balance/retained earnings July 1, 1986, as restated	<u>\$ 256,890</u>	<u>\$ 844,968</u>	<u>\$ 193,824</u>	<u>\$ 78,283</u>	<u>\$ 294,841</u>	<u>\$</u>

Note 3 - Budgetary Basis vs. GAAP - The accompanying Combined Statement of Revenues and Expenditures - Budget and Actual (Budgetary Basis) - All Budgeted Fund Types, presents comparisons of the legally adopted budget (see Note 1D) with actual data on a budgetary basis. The legally adopted budget of the Commonwealth uses a budgetary Trust and Agency Fund which includes the following GAAP basis funds or fund types: Agency Revenue Fund within the Special Revenue Fund type; Enterprise Fund-State; Internal Service Funds; Unemployment Compensation Fund and Special Benefits Fund which are Expendable Trust Funds. The Other Special Revenue Fund within the Special Revenue Fund type and the Fire and Tornado Insurance Fund within the Expendable Trust Fund type are not budgeted, and are shown for comparison purposes only.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant differences in excess of revenues over (under) expenditures and other sources (uses) of financial resources for the year ended June 30, 1987, is presented in the following table (amounts expressed in thousands):

Budgetary Funds	General	Transportation	Federal		
Financial Statements Funds	General	Special Revenue			
		Transportation	Federal	Agency Revenue	Other Special Revenue
Excess of revenues over (under) expenditures (budgetary basis)	\$ (32,492)	\$ 49,468	\$ (6,018)	\$ 25,336	\$
To adjust cash basis to accrual or modified accrual:					
Revenues	(13,594)	12,269	37,749	15,796	
Expenditures	(16,677)	(23,858)	(31,744)	(17,157)	
To remove component units presented elsewhere in the financial statements					
Non-budgeted items	<u>1,380</u>	<u>18,126</u>	<u>1,401</u>	<u>(4,358)</u>	<u>(107,223)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses/increase (decrease) in retained earnings (GAAP basis)	\$ (61,383)	\$ 56,005	\$ 1,388	\$ 19,617	\$ (107,223)

Internal Service	Expendable Trust	Nonexpendable Trust	Pension Trust	Universities and College Funds	Totals (Memorandum Only)
\$ 29,231	\$ 187,633 (6,000)	\$ 415	\$ 4,089,336	\$1,525,721	\$ 7,536,702 (6,000)
					10,243
					(5,136)
			809	3,286	(18,164)
					(11,155)
(1,000)			30	203	(8,020)
<u>\$ 28,231</u>	<u>\$ 181,633</u>	<u>\$ 415</u>	<u>\$ 4,090,175</u>	<u>\$1,529,210</u>	<u>\$ 7,498,470</u>

Enterprise-State	Internal Service	Trust and Agency			Capital Construction
		Expendable Trust			Capital Projects
		Fire and Tornado Insurance	Unemployment Compensation	Special Benefits	
\$ 471	\$ (662)	\$	\$ 84,115	\$ 90,176	\$ 119,079
1,509 (28,937)	8,144 (1,765)		4,985 6,337	10,601 39	3,406 2,659
					(139,109)
22,467	(4,126)	217	50	(65,449)	468
<u>\$ (4,490)</u>	<u>\$ 1,591</u>	<u>\$ 217</u>	<u>\$ 95,487</u>	<u>\$ 35,367</u>	<u>\$ (13,497)</u>

Note 4 - Stewardship, Compliance, and Accountability

- A. The Enterprise Fund - Kentucky Local Correctional Facilities Construction Authority has a deficit fund balance at June 30, 1987, of \$14,877,781, resulting from the recognition of loan commitments before financing is arranged. The Authority will issue revenue bonds to satisfy these commitments in the near future.
- B. The Special Revenue Fund - Agency Revenue Fund budgetary statement has an excess of expenditures over appropriations at June 30, 1987, totaling \$1,718,393. These over expenditures are County Fee Programs for Campbell, Daviess, Fayette, Jefferson, and Kenton Counties and are in accordance with state statutes which state "deficits may be made up out of the amount paid in any succeeding month; but in no event shall the amount allowed by the Finance and Administration Cabinet to any officer for salaries exceed seventy-five percent (75%) of the amount paid to the Finance and Administration Cabinet by the officer during his official term." These amounts are within the statute and repayment will be made during the term of office of the official.

Note 5 - Equity in Pooled Cash and Investments, Cash, and Investments. The State maintains a cash and investment pool that is available for use by all funds under the auspices of the State Investment Commission as authorized under KRS 42.500 et.al. In addition, investments are separately held by several of the State's funds. Legally authorized investments vary by fund but generally include: obligations of or guaranteed by the United States; obligations of any corporation of the United States Government; collateralized certificates of deposit; and repurchase agreements.

Deposits - At year-end the carrying amount of the State's deposits was \$874,276,000 and the bank balance was \$835,965,035. Of the bank balance, \$794,237,408 was covered by federal depository insurance or by collateral held by the State in the State's name, and \$41,727,627 was uninsured and uncollateralized. The majority of the amount categorized as uncollateralized and uninsured at June 30, 1987, was held as follows:

The Turnpike Authority of Kentucky, as mandated by the trust indenture agreement for Resource Recovery Road Project Bonds, had deposited \$21,141,589 to the Bond Sinking Fund with the trustee at June 30, 1987. This amount was for bond redemption on July 1, 1987.

At June 30, 1987, the Universities held \$6,895,730 of uncollateralized and uninsured deposits in financial institutions. These deposits were collateralized with securities held in the financial institution's name as required by state legislation. Information is not available regarding the range nor the average of these uncollateralized and uninsured deposits.

The majority of the remaining uncollateralized and uninsured balance is held in Farmer's Bank and Capital Trust Company as a compensating balance for the Commonwealth's general depository account. Due to legal provisions, the Commonwealth cannot pay the bank a fee for services rendered, therefore, the contractual agreement allows the bank to invest a portion of the Commonwealth's funds (based on a predetermined formula) in overnight repurchase agreements which are held in the bank's name and are pledged to the State. The bank earns the interest thereon in lieu of charging a fee for services. During the year the compensating balance ranged from a low of \$7,850,000 to a high of \$15,835,000 with an average balance of \$12,856,000.

Investments - The State holds investments both for its own benefit and as an agent for other parties. The major investment programs conducted for the direct benefit of the State are administered by the Office of Investment and Debt Management. The following table presents the carrying and market value of investments by type for each major fund type.

	Governmental Funds		Proprietary Funds	
	Carrying Value	Market Value	Carrying Value	Market Value
Government Securities	\$ 1,075,328,282	\$ 1,051,873,360	\$ 142,479,851	\$ 148,300,666
Corporate Bonds and Securities	21,020,142	39,950,893		
Repurchase Agreements	185,083,302	183,388,736	33,601,533	33,650,912
Guaranteed Investment Contracts			48,396,514	48,396,514
Mutual Funds			290,000	290,000
Certificates of Deposit and Savings				
State Bonds Repurchased	43,623,889	43,623,889		
State and Municipal Obligations	2,968,625	2,970,000		
Real Estate Investment Trust				
Government Mutual Funds			6,523,992	6,525,348
First Mortgage Real Estate Loans				
Real Estate and Mineral Rights				
Total Investments	\$ 1,328,024,240	\$ 1,323,806,876	\$ 231,291,890	\$ 237,163,440

The total carrying value of investments is presented exclusive of discounts on investments of \$996,204, premiums on investments of \$6,971,065 and accrued interest purchased on investments of \$1,686,439.

Certain obligations of the Commonwealth are held as investments in the Governmental Funds and the University and College Funds. See Note 1 for further information.

The following table categorizes the carrying amounts as follows: Category (1) are those investments which are insured or registered, or held by the State of Kentucky or its agent in the State's name; Category (2) are those investments which are uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name; Category (3) are those investments which are uninsured and unregistered, for which the securities are held by the broker or dealer, or by its trust department or agent but not in the State's name.

	Category			Mutual Funds	Carrying Amount
	1	2	3		
Governmental Funds	\$ 1,128,903,810	\$ 199,120,430	\$		\$ 1,328,024,240
Proprietary Funds	152,111,222	21,110,162	51,546,514	6,523,992	231,291,890
Fiduciary Funds	2,763,077,600	1,856,972,038	30,510,032	121,745,883	4,772,305,553
University and College Funds	316,215,153	167,397,089	1,793,548	510,834	485,916,624
Total Investments	\$ 4,360,307,785	\$ 2,244,599,719	\$ 83,850,094	\$ 128,780,709	\$ 6,817,538,307

Fiduciary Funds	
Carrying Value	Market Value
\$ 1,714,574,265	\$ 1,728,742,585
1,990,144,086	2,495,667,715
776,540,267	776,540,000
102,644,262	112,594,959
121,745,883	121,745,883
36,146,758	36,144,981
29,757,957	33,047,000
752,075	769,000
<u>\$ 4,772,305,553</u>	<u>\$ 5,305,252,123</u>

University and College Funds	
Carrying Value	Market Value
\$ 262,125,551	\$ 264,123,208
21,166,184	23,201,718
150,195,284	150,195,284
49,557,323	49,557,323
2,109,448	2,109,448
178,000	178,000
510,834	494,272
74,000	74,000
<u>\$ 485,916,624</u>	<u>\$ 489,933,253</u>

Total Funds	
Carrying Value	Market Value
\$ 5,194,507,949	\$ 3,193,039,819
2,032,330,412	2,558,820,326
1,145,420,386	1,145,774,932
151,040,776	160,991,473
121,745,883	121,745,883
49,847,323	49,847,323
45,733,337	45,733,337
39,293,383	39,292,981
29,757,957	33,047,000
7,034,826	7,019,620
752,075	769,000
74,000	74,000
<u>\$ 6,817,538,307</u>	<u>\$ 7,356,155,694</u>

The portion of the retirement funds which are categorized as Category (2) are 100 percent collateralized, as required by legislation. The collateralization never fell below 100 percent at any point during the year.

Statutes require that securities underlying repurchase agreements must have a market value of at least 100 percent of the cost of the repurchase agreement. The market value of securities underlying repurchase agreements fell significantly below this required level on a few occasions during the year; however, no losses were sustained due to the fall in collateralization levels. The collateralization is monitored on a weekly basis (as specified within 200 KAR 14.080) and at any point where the collateralization falls below 100 percent of the cost of the repurchase agreement the seller/borrower is contacted and the situation is normally rectified within two business days.

Securities Lending Program - State statutes, as interpreted by opinions of the Attorney General, authorize the Commonwealth to enter into bonds borrowed/bonds pledged securities lending agreements, that is a transfer of securities with a simultaneous receipt of securities. The securities received in the transfer are the type which the State is legally authorized to hold. The market value of the securities received in the agreement normally exceeds the market value of the securities transferred. The Commonwealth retains the interest income on the securities being transferred and receives a 33.3 point fee for providing the service. During the year the State earned \$1,702,370 in securities lending income. At June 30, the carrying value of the securities transferred was \$258,635,480 and the carrying value of the securities the Commonwealth was holding was \$267,031,095. The collateralization requirements and monitoring procedures in the securities lending program are the same as those requirements in regard to repurchase agreements.

Options - The State operates primarily as the seller of options (puts) on its United States Treasury Securities. The State sets a yield floor level to be received thus minimizing its risk exposure. At June 30, 1987, the State did not hold any obligations under option.

Investments and Cash and Cash Equivalents - Reconciliation to Balance Sheet Amounts
(Expressed in Thousands)

Gross Investments	\$ 6,817,538
Premium on Investments	6,971
Discount on Investments	(996)
Accrued Interest Purchased	1,687
Cash Equivalents (Note 1)	(1,559,571)
Total Investments, Net of Amortization	<u>\$ 5,265,629</u>
Bank Deposits	\$ 874,276
Cash on Hand	10,195
Cash Equivalents (Note 1)	1,559,571
Total Cash and Cash Equivalents	<u>\$ 2,444,042</u>

Note 15 contains information regarding subsequent events affecting the market value of investments.

Note 6 - General Fixed Assets - A statement of changes in general fixed assets for the year ended June 30, 1987, is presented below (amounts expressed in thousands):

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Totals</u>
Balance June 30, 1986, as previously reported	\$40,352	\$ 359,821	\$ 285,204	\$ 41,341	\$726,918
Prior Period Adjustments:					
To reflect donated land at fair market value at date donated	5,170				5,170
To correct completed projects at June 30, 1986				(4,972)	(4,972)
To remove cost of repairs and maintenance recorded during fiscal year 1986				(614)	(614)
To correct errors and omissions	(67)	326	1,367		1,626
Revised Balance, July 1, 1986	45,455	360,147	286,571	35,935	728,128
Additions	2,901	7,789	38,762	20,591	70,043
Deletions	10	190	18,527	6,478	25,205
Balance June 30, 1987	<u>\$48,346</u>	<u>\$ 367,746</u>	<u>\$ 306,806</u>	<u>\$ 50,068</u>	<u>\$772,966</u>

Note 7 - Interfund Transactions - The tables below show the interfund receivables and payables and interfund operating transfers for fiscal year 1987. The amounts shown reflect the treatment of transactions as accounted for within the accounting system of the Commonwealth. However, the amounts reflected in the financial statements do not agree, because of the use of component unit financial statements which reflect interfund payables/receivables as accounts payable/receivable and interfund transfers as revenues or expenditures/expenses. (Amounts expressed in thousands.)

Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 6,230	\$ 7,713
Special Revenue:		
Transportation	71,280	25,254
Federal	892	43,842
Agency Revenue	9,560	2,361
Other Special Revenue	23,008	60,758
Debt Service	25,461	
Capital Projects	1,693	1,644
Enterprise-State:		
State Parks	9	1,139
State Fair Board	17	1,913
Industries for the Blind	2	
Horse Park		26
Internal Service:		
Computer Services	79	2
Telecommunications	65	8
Prison Industries	327	16
Central Printing	46	
Property Management	623	9
Fiduciary Funds:		
Fire and Tornado Insurance		6
Unemployment Compensation		50
Special Benefits	4	3,470
Special Deposit Trust	3,500	10
Universities and Colleges	36,475	31,050
Total per state system	179,271	179,271
Net adjustment for amount reflected in audited statements	(5,793)	(214)
Total per financial statements	\$ 173,478	\$ 179,057

Transfers In/Out

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General	\$ 8,359	\$ 762,694
Special Revenue:		
Transportation	337	103,243
Federal	11,089	11,388
Agency Revenue	67,401	8,933
Other Special Revenue	83,371	175,254
Debt Service	214,711	
Capital Projects	12,276	3,584
Enterprise-State:		
State Parks	19,904	10
State Fair Board	501	548
Industries for the Blind	448	
Horse Park	644	1
Enterprise-Public Benefit Corporations:		
Kentucky Development Finance Authority	5,230	
Internal Service:		
Central Printing		183
Property Management	4,289	3,478
Fiduciary Funds:		
Kentucky Employees Retirement		1,253
State Police Retirement		24
Teachers' Retirement	162,711	2,743
Judicial Retirement	1,971	
County Retirement		1,132
Fire and Tornado Insurance		2,174
Unemployment Compensation	943	1,235
Special Benefits	4	5,088
Universities and Colleges	489,076	
Total per state system	1,083,265	1,083,265
Net adjustment for amount reflected in audited statements	(163,577)	11,347
Total per financial statements	\$ 919,688	\$ 1,094,612

Note 8 - Pension Plans - The Commonwealth sponsors the following public employee retirement systems (PERS):

Kentucky Retirement Systems is the agent for the following retirement systems:

Kentucky Employees Retirement System (KERS) - a multiple employer PERS which covers substantially all regular full-time employees of any state department, board, or agency directed by Executive Order to participate in the system.

County Employees Retirement System (CERS) - a multiple employer PERS which covers substantially all regular full-time employees of each county and school board, and any additional local agencies electing to participate in the System.

State Police Retirement System (SPRS) - a single employer PERS which covers all regular full-time officers of the Kentucky State Police.

These systems are defined benefit plans providing for retirement, disability, and death benefits. Participants have a fully vested interest after the completion of sixty (60) months of service, twelve (12) of which are current service. At a minimum, terminated employees are refunded their contributions with credited interest at 3% compounded annually through June 30, 1981, and 6% thereafter.

Participating members of KERS and CERS contributed 5% and 4.25%, respectively, of creditable compensation for the fiscal year ended June 30, 1987. Members of KERS and CERS occupying hazardous positions, as defined by the Kentucky Revised Statutes (KRS), and members of SPRS contributed 7% of creditable compensation for the fiscal year ended June 30, 1987.

Employer contribution rates are intended to fund the System's normal cost on a current basis plus one percent (1%) of unfunded pas service costs per annum plus interest at the actuarial assumed rate. Such contributions are determined by the Board of Trustees of Kentucky Retirement Systems each biennium. Employers contributed 7.45% and 14% to KERS and 5.75% and 14% to CERS, of members' non-hazardous and hazardous compensation, respectively, for the year ended June 30, 1987.

Employer contributions, by the state, for the year ended June 30, 1987 were \$56,679,470 and \$4,481,033 to KERS and SPRS, respectively. The actuarial determined contributions were \$47,145,959 and \$4,423,781 for KERS and SPRS, respectively.

The amount shown below as the "pension benefit obligation" is a standard disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the System on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the System.

The pension benefit obligation was computed as part of an actuarial valuation performed as of June 30, 1987. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8 percent a year compounded annually, and (b) projected salary increases of 7 $\frac{1}{2}$ percent a year.

Total funds in excess of pension benefit obligation for KERS were \$25,254,323 at June 30, 1987, as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 473,863,105
Current employees:	
Accumulated employee contributions including allocated investment earnings	258,408,667
Employer-financed vested	487,032,819
Employer-financed nonvested	19,441,505
Total pension benefit obligation	\$ 1,238,746,096
Net assets available for benefits, at cost	1,264,000,419
Funds in excess of pension benefit obligation	\$ 25,254,323

Total funds in excess of pension benefit obligations for CERS were \$119,840,014 at June 30, 1987, as follows:

Pension benefit obligation:		
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits		\$ 196,265,177
Current employees:		
Accumulated employee contributions including allocated investment earnings		146,071,392
Employer-financed vested		245,610,552
Employer-financed nonvested		19,943,592
Total pension benefit obligation		607,890,713
Net assets available for benefits, at cost		727,730,727
Funds in excess of pension benefit obligation		\$ 119,840,014

Total funds in excess of pension benefit obligation for SPRS were \$3,942,250 at June 30, 1987, as follows:

Pension benefit obligation:		
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits		\$ 49,264,732
Current employees:		
Accumulated employee contributions including allocated investment earnings		18,729,668
Employer-financed vested		37,359,876
Employer-financed nonvested		898,078
Total pension benefit obligation		106,252,354
Net assets available for benefits, at cost		110,194,604
Funds in excess of pension benefit obligation		\$ 3,942,250

Kentucky Retirement Systems Insurance Fund - accounts for the accident and health insurance for members receiving benefits from the Kentucky Employees Retirement System, County Employees Retirement System, and the State Police Retirement System.

Three-Year Historical Trend Information

Kentucky Employees Retirement System

Fiscal Year	Net Assets Available For Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded (Funds in Excess of) Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1985	\$ 934,480,773	\$ 982,009,399	95.2%	\$ 47,528,626	\$ 676,557,336	7.0%
1986	1,079,353,421	1,110,593,823	97.2%	31,240,402	713,878,356	4.4%
1987	1,264,000,419	1,238,746,096	102.0%	(25,254,323)	757,822,116	-

State Police Retirement System

Fiscal Year	Net Assets Available For Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded (Funds in Excess of) Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1985	\$ 85,016,242	\$ 94,143,453	90.3%	\$ 9,127,211	\$ 23,383,018	39.0%
1986	96,667,699	100,048,563	96.6%	3,380,864	24,524,652	13.8%
1987	110,194,604	106,252,354	103.7%	(3,942,250)	23,859,024	-

The Kentucky Judicial Form Retirement System is the agent for the Kentucky Judicial Retirement Fund and the Kentucky Legislators' Retirement Fund.

Judicial Retirement Plan - a defined benefit plan which covers District, Circuit, Court of Appeals and Supreme Court Judges. The Plan provides for retirement, disability, and death benefits.

Kentucky Legislator's Retirement Plan - a defined benefit plan which covers members of the General Assembly. The Plan provides for retirement, disability, and death benefits.

To be eligible for retirement benefits under the Judicial Retirement Fund, a member must have either eight years of judicial service credit, or a total of eight years of Kentucky government service credit, judicial and nonjudicial. Benefits are payable in the full amount only if the member is 65 years of age or over at retirement, or if a retired member waits until reaching 65 before drawing benefits. Monthly benefits are equal to 2.75% of the retiree's final average salary multiplied by the retiree's number of years of service credit, with the following exceptions: for members who entered the Plan between July 1, 1978, and June 30, 1980, the percentage is 4.15% and for members who entered the plan prior to June 30, 1978, the percentage is 5.00%. The final average salary is the average monthly compensation for the position held by the member for the 60 months immediately preceding retirement.

To be eligible for retirement benefits under the Legislators' Retirement Fund, a member must have five years of service credit earned for service as a Legislator, or a total of eight years of Kentucky government service credit, legislative and nonlegislative. Benefits are payable in the full amount only if the member is 65 years of age or over at retirement, or if a retired member waits until reaching 65 before drawing benefits, or if the member has 30 years of total Kentucky governmental service, legislative and nonlegislative. Members retiring and drawing benefits before 65 receive reduced benefits. Monthly benefits are equal to 2.75% of the retiree's final average salary multiplied by the retiree's number of years of service credit, except that for members who were in office on July 1, 1982, the percentage varies according to the date of entering service. The final average salary is the average monthly creditable compensation as determined by KRS 61.510 (13) for the service as a Legislator for the 60 months immediately preceding retirement.

Members are required to contribute 5.00% of their salaries throughout the period of their membership in the Legislators' Fund or the Judicial Fund, except that those members who came into the Judicial Retirement Plan at a 3.00% contribution rate before July 1, 1978, will continue at that rate for the duration of their uninterrupted membership. Under KRS 21.525, the state is required to contribute annually an amount determined by applying the actuarially determined entry age normal cost funding rate to the creditable compensation of the members of the plan; plus interest at the actuarially assumed rate of interest of the plan.

Actuarial valuations are conducted by statute on a biennial basis with the most recent valuation being for the period ended July 1, 1987. As of that date the System's consulting actuaries determined the Judicial Retirement Fund has no past service liability. The actuaries determined the unfunded past service liability of the Legislators' Retirement Fund at July 1, 1987, to be \$598,236, compared to an unfunded past service liability of \$3,483,212 at July 1, 1985. The entry age normal method has been used to determine plan costs, as required in KRS 21.525.

The Legislators' and Judicial Retirement Funds do not have an actuarial valuation computing the pension benefit obligation at June 30, 1987, using the unit cost method, as required by GASB Statement 5. Future actuarial valuations will comply with these requirements to disclose all information as required.

Kentucky Teachers' Retirement System (KTRS) - is a defined benefit plan which covers substantially all persons occupying positions in the public elementary or secondary schools for which a teaching certificate is required, faculty members of five regional universities, the Superintendent of Public Instruction and professional staff, the faculty members of the School for the Deaf, School for the Blind and the state area vocational schools. This Plan provides for retirement, disability, and death benefits.

KTRS members are required by statute to contribute 9.6% of their salaries to the System. University members are required to contribute 5.905% of their salaries. The Commonwealth of Kentucky contributes the remaining amounts necessary to finance the participation of the employees in the System. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee contributions plus interest earned are refunded to the employee upon his or her request.

Employees are entitled to an annual retirement benefit, payable monthly for life, if they either attain the age of fifty-five (55) and complete five (5) years of Kentucky Service or complete thirty years of Kentucky service. Non-university employees receive monthly payments equal to either two (2) percent (service prior to January 1, 1984) or 2 and one-half (2 1/2) percent (service after January 1, 1984) of their final average salaries for each year of credited service. University employees receive monthly benefits equal to two (2) percent of their final average salary for each year of credited service. The final average salary is the average of the employee's five (5) highest annual salaries. Employees with less than thirty (30) years of service may retire and receive reduced retirement benefits. Members' retirement benefits become vested when they have completed five (5) years of credited service.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess KTRS funding status of a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems.

The pension benefit obligation was determined as part of an actuarial valuation at June 30, 1986. The June 30, 1987, actuarial valuation is in process and, therefore, not yet available. Significant actuarial assumptions used in the June 30, 1987 actuarial valuation include a) a rate of return on the investment of present and future assets of 7.5% per year compounded annually, and b) future salary increases of 5%.

At June 30, 1986, the unfunded pension benefit obligation was \$1,141,960,000 as follows:

Pension benefit obligation:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	\$ 1,320,145,000
Current employees:	
Accumulated employee contributions including allocated investment income	698,018,000
Employer-financed vested	681,377,000
Employer-financed nonvested	656,646,000
Total pension benefit obligation	3,356,186,000
Net assets available for benefits, at cost	2,214,226,000
Unfunded pension benefit obligation	\$ 1,141,960,000

The amount that the Commonwealth of Kentucky contributes to KTRS is specified in KRS 161.550. That statute states that the state shall contribute annually to the retirement system an amount equal to that contributed by all members. The statute also says that the state shall, in addition to the above amount, contribute an overmatch of 3.25% of total member salaries in order to discharge the unfunded pension benefit obligation. Contribution requirements are, therefore, set by law and are not actuarially determined.

The actuary for KTRS has determined that given the present level of state funding and member contributions, it will take 28 years to fund the unfunded pension benefit obligation.

For the fiscal year ended June 30, 1987, actual contributions made by the state fell short of required contributions by \$5,810,265. State budget appropriations for 1986-87 totaled \$151,000,056 while the actual budget requirements for 1986-87 totaled \$156,810,321. KRS 161.550 requires in the event an annual appropriation is less than the amount of the statutory requirements, the state shall make up the deficit in the next biennial appropriation to KTRS.

Historical Trend Information (Only one year available at this time) (Amounts expressed in millions)

Fiscal Year	Net Assets Available For Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded (Funds in Excess of) Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1987	\$ 2,214.2	\$ 3,356.2	66.0%	\$ 1,142.0	\$ 1,006.7	113.4%

Ten year historical trend information (or as many years as available) showing the progress in funding the pension obligation is available in the audit reports for the individual PERS.

Membership of the retirement systems, at June 30, 1987, is shown in the following table:

	Kentucky Employees Retirement	County Employees Retirement	State Police Retirement	Kentucky Teachers' Retirement	Kentucky Judicial Retirement	Kentucky Legislators' Retirement
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them:	23,724	18,348	374	20,334	14	58
Current employees:						
Vested:	27,497	22,978	728	36,706	223	127
Nonvested:	15,774	20,447	242	11,013		
Total	66,995	61,773	1,344	68,053	365	185

Note 9 - Deferred Compensation - Employees of the Commonwealth, counties and local school districts are eligible to participate in the Plan, which is administered by an independent plan administrator. The Commonwealth, through a board of trustees as defined in KRS 18A.245, has selected a Plan administrator to oversee the daily operations and technical compliance of the Plan to applicable sections of the Internal Revenue Code. The State's responsibility consists of withholding payroll deductions and remitting the withholdings to the Plan administrator. Employees may choose between plans created in accordance with Internal Revenue Code Sections 457 or 401(K). Either of the plans permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of the 401(K) plan are the property of the participants.

All amounts of compensation deferred under the Plan established in accordance with Internal Revenue Code Section 457, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or beneficiary) solely the property and rights of the employer (without being restricted to the provisions of benefit under the plan), subject only to the claims of the employer's general creditors. Participants rights under the plan are equal to those of general creditors of the employer in an amount equal to the fair market value of the deferred account for each participant. The assets of the 401(K) plan are the property of the participants. The assets of participants in the 457 plan who are drawing benefits, are not available to the general creditors.

All costs of administering and funding the plans are the responsibility of the participants. The employer makes no contributions to the plans.

At June 30, 1987, the plans had contributions and earnings totaling \$121,745,883. This amount consist of cash and fixed rate annuities of \$96,844,562, and variable rate annuities of \$24,901,321 (market value). Of this amount \$119,703,393 is in the 457 plan and \$2,042,490 is in the 401(K) plan.

Of the \$121,745,883 in the plans at June 30, 1987, \$99,468,042 was applicable to the Commonwealth while the remaining \$22,277,841 represents the assets of the other jurisdictions participating in the plans.

Note 10 - Lease Obligations - The Commonwealth has entered into various leases for land, buildings, and equipment. Generally leases contain termination clauses providing for cancellation after 30, 60, or 90 days written notice. In addition, certain leases contain appropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly. It is expected that in the normal course of business most of these leases will be replaced by similar leases.

At June 30, 1987, capitalized leases included equipment as follows (amounts expressed in thousands):

	Proprietary Fund Types	General Fixed Assets
Equipment	\$ 25,059	\$ 4,225
Less: Accumulated amortization	\$ 8,163	
	\$ 16,896	\$ 4,225

Future minimum rental commitments for noncancellable leases as of June 30, 1987, were as follows (amounts expressed in thousands):

	Long-term Obligations Account Group	Enterprise Funds	Internal Service Funds	Total
1988	\$ 1,013	\$ 432	\$ 6,585	\$ 8,030
1989	444	195	4,335	4,974
1990	212	24	2,422	2,658
1991	42	1	1,659	1,702
1992	14			14
Thereafter				
Total	1,725	652	15,001	17,378
Less: Amounts representing Interest (5 to 32%)	392	49	1,708	2,149
Present minimum value of future lease payments	\$ 1,333	\$ 603	\$ 13,293	\$ 15,229

Changes in leases payable accounted for in the general long-term obligation account group for the year ended June 30, 1987, are summarized in Note 12.

Note 11 - Defeasance of Long-Term Debt - During fiscal year 1987, the State Property and Building Commission issued \$33,675,000 par value, with applicable bond discount of \$644,900 of Center for the Arts Refunding Bonds with interest rates ranging from 6.1% to 7.1% to advance refund \$28,720,000 in Center for the Arts Revenue Bonds with an interest rate ranging from 9.0% to 10.0%. The net proceeds of \$32,928,500 (after payment of \$101,600 in underwriting fees, insurance, and other issuance costs) plus an additional \$543,630 of Debt Service Reserve Funds were used to purchase U.S. government securities in the amount of \$33,472,130. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Revenue Bonds Project 27 Series 1983. As a result, the 1983 Series Bonds have been removed from general long-term debt as a legally defeased bond issue.

The Commonwealth in effect reduced its aggregate debt service payments by \$4,950,000 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$2,683,500.

During fiscal year 1987, the Commonwealth of Kentucky issued \$358,600,000 in Turnpike Authority Serial Bonds with interest rates ranging from 4.25% to 7.90% and \$493,400,000 in Turnpike Authority Term Bonds with an average interest rate of 7.4084% to advance refund \$104,000,000 in Turnpike Authority Serial Bonds with interest rates ranging from 7.25% to 9.50% and \$518,100,000 Turnpike Authority Term Bonds with an average interest rate of 10.0590%. The net proceeds of \$795,200,000 (after payment of \$56,800,000 in underwriting fees, insurance, and other issuance costs) plus an additional \$22,300,000 of Transportation Fund monies were used to purchase U.S. government securities in the amount of \$725,000,000 and to place additional funds in the amount of \$92,500,000 in the Series 1986/1987 A Debt Service Reserve Fund. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1984, 1985, and 1986 Series bonds. As a result, the 1984, 1985, and 1986 Series bonds have been removed from the general long-term debt account group as legally defeased bond issues.

The Commonwealth in effect reduced its aggregate debt service payments by almost \$40,400,000 over the life of the issuance and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$24,900,000.

During fiscal year 1987, the University of Kentucky issued \$34,715,000 (applicable bond discount of \$679,510) Consolidated Educational Buildings Refunding Bonds with interest rates ranging from 4.0% to 6.9% and \$9,010,000 (applicable bond discount of \$146,410) Community College Educational Building Refunding Bonds with interest rates ranging from 4.0% to 7.2% to advance refund \$29,510,000 in Consolidated Educational Buildings Revenue Bonds with interest rates ranging from 6.75% to 9.3% and \$7,475,000 in Community Colleges Educational Building Revenue Bonds with interest rates ranging from 8.0% to 10.2%. The Consolidated Educational Buildings Refunding Bonds Series G, H, and I and \$9,825,000 of liability has not been defeased. The net proceeds of \$33,958,030 and \$8,830,400 respectively (after payment of \$77,460 and \$33,190 respectively in underwriting fees and other issuance costs) were used to purchase U.S. government securities plus an additional \$18,030 was placed in the Consolidated Educational Buildings Debt Service Reserve Fund. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1983 Series G, 1983 Series H, and 1985 Series I Consolidated Educational Buildings Revenue bonds and the 1982 Community Colleges Educational Buildings Revenue Bonds. It is the University's policy, consistent with Statement 7 of the Governmental Accounting Standards Board, to reflect the defeased debt in their statements as fully funded bonds outstanding.

The University in effect reduced its aggregate debt service payments by \$2,807,830 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$1,604,564.

On October 16, 1986, the University of Louisville issued Consolidated Educational Building Refunding Revenue Bonds Series E (Second Series) and Series F (Second Series) in the amount of \$48,690,000, with an average interest rate of 7.36% to advance refund \$39,000,000 of outstanding 1982 and 1983 Series bonds with an average interest rate of approximately 10.75%. The net proceeds of \$47,490,000 (after payment of \$1,200,000 in underwriting fees and other issuance costs) plus an additional \$400,000 of 1982 and 1983 Series sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1982 and 1983 Series bonds. As a result, the 1982 and 1983 Series bonds are considered to be legally defeased and the liability for those bonds has been removed from the balance sheet.

Although the advance refunding resulted in the recognition of an accounting loss of \$9,690,000 for the year ended June 30, 1987, the University in effect reduced its aggregate debt service payments by approximately \$16,000,000 over the next 30 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$6,000,000.

During fiscal year 1987, the School Facilities Construction Commission in aggregate issued \$22,385,000 (applicable bond discount \$387,800) in 1987 Series Advance Refunding Bonds with interest rates ranging from 3.50% to 8.10% to advance refund \$18,136,000 in the aggregate of School Building Authority Revenue Bonds with interest rates ranging from 7.5% to 13.0%. The net proceeds of \$21,655,200 (after payment of \$342,000 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities in the amount of \$21,163,000 and to place additional funds in the amount of \$492,200 in the Debt Service Reserve Fund. The aggregate total State participation on these bonds is \$10,127,352. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result these bonds have been removed from the general long-term debt account group as legally defeased bond issues.

The Commonwealth in effect reduced its aggregate debt service payments by almost \$2,775,000 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$1,297,000.

During fiscal year 1987, Kentucky Local Correctional Facilities Construction Authority issued \$40,835,000 par value, \$1,436,157 original issue discount, in Multi-County Correctional Facilities Refunding and Improvement Revenue Bonds, Series 1987, with interest rates ranging from 4.5% to 7.4% to advance refund \$26,410,000 in Multi-County Correctional Facilities Revenue Term Bonds, Series 1984, with interest rates ranging from 6.75% to 10.375%. The net proceeds of \$38,545,391 (after payment of \$853,452 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities in the amount of \$27,707,900 and to deposit \$7,678,840 for capital construction and \$3,158,651 in the Debt Service Reserve Fund. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Multi-County Correctional Facilities Revenue Term Bonds, Series 1984. As a result, the 1984 Series bonds have been removed from long-term debt as a legally defeased bond issue.

Although the advance refunding resulted in the recognition of an accounting loss of \$4,489,000 for the year ended June 30, 1987, the Authority in effect reduced its aggregate debt service payments in regard to the refunded debt by approximately \$2,268,885 and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$1,055,777.

Note 12 - Long-term Obligations - General obligation bonds are issued through the State Property and Buildings Commission, subject to general referendum approval required by the Kentucky Constitution. General obligation bonds pledge the full faith, credit, and taxing power of the Commonwealth and denote application of specific or general tax revenues to provide payment of principal and interest requirements on the debt. No new issues of this type have been issued since 1965, and there are no general obligation bonds authorized but unissued at June 30, 1987.

General obligation bonds outstanding at June 30, 1987, are as follows (amounts expressed in thousands):

Purpose	Principal Outstanding	Interest Rate	Annual Maturity To
Various Purpose	\$ 14,100	3.50%	1995
Parks	1,590	1.00% to 3.60%	1990
Veterans Bonus	22,205	0.10% to 3.75%	1990
Highway	104,585	0.13% to 6.20%	1995
	<u>\$ 142,480</u>		

Future general obligation debt service requirements at June 30, 1987, are as follows (amounts expressed in thousands):

Year Ending June 30,	Principal	Interest	Total
1988	\$ 23,020	\$ 5,744	\$ 28,764
1989	23,925	4,867	28,792
1990	24,875	3,951	28,826
1991	12,955	3,160	16,115
1992	13,550	2,575	16,125
Thereafter	44,155	3,908	48,063
	<u>\$ 142,480</u>	<u>\$ 24,205</u>	<u>\$ 166,685</u>

Revenue Bonds:

General authorization for the use of revenue bonds is contained in Chapter 58 of the Kentucky Revised Statutes. Specific authority is contained in the legislation and related KRS chapters creating and empowering the various debt issuing entities. Reference to such legislation and laws is made throughout the following entity descriptions. Effective July 15, 1980, KRS 56.870 requires prior approval of debt financing projects by the Kentucky General Assembly sitting in regular or special sessions. Succeeding statutes establish the methods for this approval and the exemptions from it. The majority of new debt issues are approved through the appropriation act. Per KRS 56.873, effective July 15, 1980, revenue bonds having passed the above mechanisms, and not requiring state appropriations, must receive an "A" rating by Moody's Investors Service or the equivalent rating by another qualified rating agency prior to their sale.

Project revenue debt pledges only the revenues produced by the project so funded as security for repayment, and does not directly obligate the Commonwealth. Kentucky's project revenue debt may be further classified by the purpose of the debt. Revenue debt issued by the eight state debt issuing entities (Kentucky Housing Corporation, Kentucky Pollution Abatement and Water Resources Finance Authority, Kentucky Higher Education Student Loan Corporation, Kentucky Development Finance Authority, Kentucky Local Correctional Facilities Construction Authority, Kentucky Agricultural Finance Authority, Kentucky School Building Authority and Kentucky School Facility Construction Commission) is used as a financing mechanism for activities and facilities not used directly for state purposes. The tax-exempt status of such "municipal debt," whether issued by state or local governments, is used to provide financing for entities unable to bear the costs of private financing, when the General Assembly deems such entities worthy of public assistance. The other category of revenue debt finances facilities used directly by state government in daily activities; such as roads, parks, office buildings, and educational facilities. The primary distinction between these categories is that the first type, with the exception of the Kentucky School Building Authority and its successor, the Kentucky School Facility Construction Commission, requires no state funds of any type to provide "debt service," principal and interest payments, on the debt. The School Building Authority and School Facility Construction Commission supplement funds provided by local governments and school boards in varying percentages for debt service. This distinction is important in analyzing the true level of "state" debt and the "burden" of that debt on state resources.

The agencies and authorities that issue debt and their respective amounts of principal outstanding, net of discounts and defeased bonds, at June 30, 1987, are as follows (amounts expressed in thousands):

General Long-term Obligations Account Group		Principal Outstanding	Interest Rate	Annual Maturity To
Agency:				
State Property and Buildings Commission	\$ 605,960			
Less: Projects accounted for as fund liabilities	<u>47,870</u>	\$ 558,090	2.0% - 10.25%	2018
Turnpike Authority of Kentucky		1,260,742	4.1% - 12.5%	2010
Kentucky School Building Authority	103,022			
Less: local school district participation	<u>41,719</u>	61,303	3.75% - 13.0%	2008
Kentucky School Facility Construction Commission	72,790			
Less: local school district participation	<u>27,092</u>	45,698	4.0% - 8.0%	2007
Total		<u>\$1,925,833</u>		

Future revenue bond debt service requirements, to be paid with state funds, at June 30, 1987, are as follows (amounts expressed in thousands):

Year Ending June 30,	Principal
1988	\$ 60,822
1989	65,915
1990	67,784
1991	63,956
1992	69,338
Thereafter	<u>1,598,018</u>
	<u>\$ 1,925,833</u>

Fund Bonds Payable	Principal Outstanding	Interest Rate	Annual Maturity To
Enterprise Fund:			
Parks Projects 10, 14, 16	\$ 8,580	3.0% - 4.87%	1997
Kentucky Housing Corporation	781,229	4.6% - 13.0%	2022
Kentucky Pollution Abatement and Water Resources Finance Authority	28,271	5.4% - 7.75%	2000
Kentucky Higher Education Student Loan Corporation	380,315	4.0% - 9.75%	2001
Kentucky Local Correctional Facilities Construction Authority	<u>44,458</u>	4.5% - 9.75%	2014
Total Enterprise Fund	<u>1,242,853</u>		
University and College Fund:			
University of Kentucky (Note 11)	293,678	2.75% - 8.45%	2018
University of Louisville	139,313	3.0% - 7.7%	2016
Eastern Kentucky University	59,280	2.875% - 6.6%	2008
Western Kentucky University	45,138	2.75% - 7.25%	2010
Murray State University	24,985	2.75% - 5.875%	2008
Morehead State University	26,300	2.875% - 6.875%	2007
Kentucky State University	16,125	2.875% - 9.9%	2006
Northern Kentucky University	<u>36,745</u>	3.0% - 10.5%	2020
Total University and College Fund	<u>641,564</u>		
Total Fund Bonds Payable	<u>\$1,884,417</u>		

Future revenue bond debt service requirements, for bonds in Enterprise and University and College Funds, at June 30, 1987, are as follows (amounts expressed in thousands):

Year Ending June 30,	Principal
1988	\$ 95,090
1989	82,118
1990	85,064
1991	89,505
1992	95,531
Thereafter	<u>1,437,109</u>
	<u>\$ 1,884,417</u>

During the fiscal year ended June 30, 1987 the debt issuing entities described below sold revenue bonds as follows:

Kentucky State Property and Buildings Commission

The State Property and Buildings Commission is composed of the Governor, Lieutenant Governor, Attorney General, Secretary of the Finance and Administration Cabinet, Secretary of the Revenue Cabinet, and Secretary of the Commerce Cabinet. The Commission is an independent agency of the Commonwealth created by KRS 56.450 and empowered upon application of any state agency to issue bonds in its own name to pay the costs of acquiring land and equipment, and the construction and equipping of buildings for the occupancy and/or use of said agencies.

During the fiscal year ended June 30, 1987, the Commission issued \$173,895,000 in revenue bonds as follows: \$33,675,000 for the Kentucky Center for the Arts (Project 27 Refunding), maturing to 2009 at interest rates ranging from 6.1% to 7.1%; \$50,060,000 for the Corrections Cabinet (Project 36), maturing to 2006 at interest rates ranging from 5.5% to 7.0%; \$575,000 for the Capital Plaza Authority (Project 37), maturing to 2001 at interest rates ranging from 5.5% to 7.0%; \$3,275,000 for the State Fair Board (Project 38) maturing to 1995 at interest rates ranging from 5.5% to 6.5%; \$32,950,000 for the University of Kentucky (Project 41) maturing to 1995 at interest rates ranging from 4.4% to 5.5%; \$5,455,000 for the Finance and Administration Cabinet (Project 42, 1st Series), maturing to 1991 at interest rates ranging from 3.6% to 4.8%; \$6,525,000 for the Finance and Administration Cabinet (Project 42, 2nd Series), maturing to 1991 at interest rates ranging from 5.25% to 6.4%; and \$41,380,000 for Taxable University Refunding Bonds maturing to 2018 at interest rates ranging from 8.231% to 9.84%.

Turnpike Authority of Kentucky

The Turnpike Authority of Kentucky was created in the 1960 regular session of the General Assembly under present KRS sections 175.410 through 175.990 as a body corporate and politic constituting a municipal corporation, political subdivision, and instrumentality of the Commonwealth. The Authority is composed of the Governor, Lieutenant Governor, Attorney General, Secretary of Transportation, Commissioner of Highways, State Highway Engineer, and Secretary of Commerce. The Secretary of Finance and Administration Cabinet currently serves as the Authority's Treasurer.

During the fiscal year ended June 30, 1987 the Authority issued \$852,064,380 in refunding revenue bonds as follows: \$226,385,000 (Toll Road Revenue Bonds 1986 Series A), maturing to 2010 at interest rates ranging from 4.5% to 8.5%; \$367,690,000 (Economic Development Road Revenue Bonds 1986 Series A), maturing to 2004 at interest rates ranging from 4.25% to 7.825%; and \$257,989,380 (Resource Recovery Revenue Refunding Bonds 1987 Series A), maturing to 2008 at interest rates ranging from 5.0% to 8.6%.

State Universities

The Board of Trustees of the University of Kentucky and the Boards of Regents of the University of Louisville, Eastern Kentucky University, Western Kentucky University, Murray State University, Morehead State University, Kentucky State University, and Northern Kentucky University are authorized under KRS 56.495 to issue debt for the purpose of constructing educational buildings and housing and dining facilities. In addition, the University of Louisville is specifically authorized to issue debt for educational buildings under KRS 64.860 but is limited to \$16 million of refunding debt.

During the fiscal year ended June 30, 1987, the State Universities issued \$213,370,000 in revenue bonds as follows: the University of Kentucky issued \$29,350,000 (Consolidated Educational Buildings Revenue Bonds Series J), maturing to 2007 at interest rates ranging from 6.0% to 6.1%; \$34,715,000 (Consolidated Educational Buildings Refunding Revenue Bonds Series G 2nd Series, Series H 2nd Series, and Series I 2nd Series), maturing to 2006 at interest rates ranging from 4.0% to 6.90%; \$26,100,000 (Community Colleges Educational Buildings Revenue Bonds Series F), maturing to 2007 at interest rates ranging from 5.2% to 6.25%; \$9,010,000 (Community Colleges Educational Buildings Refunding Revenue Bonds Series D), maturing to 2008 at interest rates ranging from 4.0% to 7.2%; and \$21,000,000 (Hospital Revenue Bonds Series A), maturing to 2005 at interest rates ranging from 6.2% to 8.0%. The University of Louisville issued \$22,900,000 (Consolidated Educational Buildings Revenue Bonds Series G), maturing to 2007 at interest rates ranging from 5.7% to 6.375%; and \$48,690,000 (Consolidated Educational Buildings Refunding Revenue Bonds Series E 2nd Series and Series F 2nd Series), maturing to 2016 at interest rates ranging from 5.0% to 8.375%. Eastern Kentucky University issued \$9,995,000 (Consolidated Educational Buildings Revenue Bonds Series M), maturing to 2007 at interest rates ranging from 4.5% to 6.6%. Western Kentucky University issued \$8,450,000 (Consolidated Educational Buildings Revenue Bonds Series D), maturing to 2007 at interest rates ranging from 4.25% to 6.625%. And, Morehead State University issued \$3,160,000 (Consolidated Educational Buildings Revenue Bonds Series H), maturing to 2007 at interest rates ranging from 4.5% to 6.875%.

Kentucky Housing Corporation

The Housing Corporation, established in 1972 under KRS Chapter 198A, is a municipal corporation and political subdivision of the Commonwealth governed by a board of directors comprised of the Secretary of the Finance and Administration Cabinet, Commissioner of the Department of Local Government, Secretary of the Revenue Cabinet, Attorney General, Secretary of the Commerce Cabinet, Lieutenant Governor, and eight additional members appointed by the Governor. The Corporation is authorized to increase the supply of housing for persons of lower income by making or participating in insured mortgage loans when financing is not available from private lenders under reasonably equivalent terms and conditions. The Corporation is limited to a \$1.125 billion total maximum principal value of debt outstanding.

The Corporation issued no revenue bonds during the fiscal year ended June 30, 1987.

Kentucky Pollution Abatement and Water Resources Finance Authority

The Authority is a corporate body and political subdivision of the Commonwealth established in 1972 under KRS Chapter 224A to issue debt and make repayable grants to local government units for assistance in construction of wastewater treatment facilities for the abatement of water pollution in the Commonwealth. Pursuant to a 1978 amendment to KRS 224A and the provisions of KRS 103.200 through 103.286, the Authority may loan the proceeds of its debt issues to industrial concerns in order to enable them to construct new pollution control facilities. The Board of the Authority, which is currently chaired by the Secretary of the Commerce Cabinet, consists of seven members appointed by the Governor.

During the fiscal year ended June 30, 1987, the Authority sold the following debt issues: \$35,000,000 in FMHA Construction Loan Notes 1986 Series A, due August 1, 1989, at 6.1%; and \$58,000,000 in Pollution Control Industrial Development Bonds due August 14, 2006, at 5%.

Kentucky Higher Education Student Loan Corporation

The Corporation is empowered by KRS Chapter 164A to make and reinsure student loans with the United States of America, pursuant to the Federal Higher Education Act of 1965, and as a body corporate and politic acts as a financing authority to assure a secondary market for insured student loans. The Corporation is governed by a five member board of directors consisting of the Chairman of the Council on Higher Education, the Secretary of the Finance and Administration Cabinet, the Chairman of the Kentucky Higher Education Assistance Authority, and two members chosen from the general public. The Corporation is limited to a maximum principal debt outstanding of \$553 million.

During the fiscal year ended June 30, 1987, the Corporation issued insured Student Loan Revenue Bonds as follows: \$40,820,000 (1986 Series A Serial Refunding Bonds), maturing to 1995 at interest rates ranging from 5.0% to 6.05%; and \$35,000,000 (1986 Series B Term Bonds) due June 1, 2001, at 4.625%.

Kentucky Local Correctional Facilities Construction Authority

The Authority is a body corporate and politic as well as an agency and instrumentality of the Commonwealth created in 1982 pursuant to KRS 441.605 through 441.695, as amended, to provide additional and alternative methods for acquiring, constructing, improving or repairing, and financing both regional and local jail facilities.

During the fiscal year ended June 30, 1987 the Authority issued \$40,835,000 in Multi-County Correctional Facilities Refunding and Improvement Revenue Bonds, Series 1987 as follows: \$5,115,000 maturing serially to 1998 at interest rates ranging from 4.5% to 7.0%, \$10,980,000 in term bonds due November 1, 2005 at 7.4%; and \$24,740,000 in term bonds due November 1, 2014, at 7.0%.

Kentucky Agricultural Finance Authority

The Authority is a public corporation and governmental agency of the Commonwealth established by Act of the 1984 General Assembly for the purpose of "improving and promoting the health, welfare and prosperity of the people of the Commonwealth through the stimulation of existing agricultural ventures." The Authority's bond program is designed to help lender banks and other financial institutions assist eligible farmers in obtaining low interest loans through the issuance of tax-exempt agricultural revenue bonds.

During the fiscal year ended June 30, 1987, the Authority issued such bonds as follows: \$195,330 Agricultural Loan Bonds (Series G), maturing to 2006 at the fixed rate of 9.25%; \$25,000 Agricultural Loan Bonds (Series H), maturing to 2007 at variable rates which at June 30, 1987, was 8.25%; and \$60,357 Agricultural Loan Bonds (Series I), maturing to 2002 at variable rates which at June 30, 1987, was 10.5%.

Kentucky School Building Authority

The Kentucky School Building Authority (KSBA) was created in 1978 as a public corporation consistent with KRS Chapter 273 and empowered by KRS 157.800 through 157.895 (Repealed) to supply resources for schoolhouse construction beyond those allocated in the minimum foundation program in such a way as to provide incentives to local school districts, further equalize educational opportunity among school districts, and reduce the backlog of schoolhouse construction within the Commonwealth.

By Act of the 1985 Extraordinary Session of the General Assembly, the Kentucky School Facility Construction Commission (KSFCC) was created as the successor agency to KSBA and empowered pursuant to KRS 157.640 with all rights of successorship necessary to assure all legal and contractual functions and liabilities associated with the outstanding bonds issued in the name of KSBA, including refunding of then existing KSBA debt.

Kentucky School Facility Construction Commission

The Commission is an independent corporate agency and instrumentality of the Commonwealth established by Act of the 1985 Extraordinary Session of the General Assembly, now codified as KRS 157.611 through 157.640 and empowered therein to: (1) act on behalf of school districts to issue bonds in the name of the Commission and to enter into lease agreements with local boards of education to finance construction of new facilities or major renovation of existing facilities; (2) enter into agreements which may provide for a percentage discount, on a biennially renewable basis, of annual lease agreements due the Commission for those districts which participate; and (3) enter into lease agreements with the Department of Education to build state owned facilities operated by the Department of Education.

During the fiscal year ended June 30, 1987, KSFCC issued six (6) Kentucky School Building Authority Refunding Revenue Bond issues having an aggregate total state participation of \$10,127,352 as follows: \$2,049,627 (Edmonson County School District), maturing to 2005 at interest rates ranging from 4.5% to 6.8%; \$2,484,125 (Logan County School District), maturing to 2006 at interest rates ranging from 3.25% to 6.125%; \$1,830,500 (Harlan Independent School District), maturing to 2007 at interest rates ranging from 5.2% to 8.1%; \$521,167 (Pineville Independent School District), maturing to 2006 at interest rates from 4.5% to 7.25%; \$2,594,423 (Rowan County School District), maturing to 2007 at interest rates ranging from 3.5% to 6.5%; and \$647,510 (Monticello Independent School District), maturing to 2002 at interest rates ranging from 4.0% to 6.25%.

During the fiscal year ended June 30, 1987, the Commission also issued new School Building Revenue Bonds having an aggregate total state participation of \$46,147,505 for thirty-seven (37) county and independent school districts throughout the Commonwealth. The issues mature variously to 2012, with state participation extending to 2007 at interest rates ranging from 4.0% to 8.0%.

Due to the length of this listing the reader is referred to the detail Schedule of Bonds Outstanding at June 30, 1987, which is contained in the state publication titled SUPPLEMENTARY INFORMATION to the Kentucky Annual Financial Report for the Fiscal Year Ended June 30, 1987. Copies of this report are available from the Division of Accounts, Financial Reporting Branch, 332 Capitol Annex, Frankfort, KY 40601.

Kentucky Development Finance Authority

The Kentucky Development Finance Authority (KDFA) established in 1958 under KRS Chapter 154, is an independent agency of state government which operates in close cooperation with the Secretary of the Commerce Cabinet to promote the industrial development of Kentucky. KDFA debt does not constitute a legal or moral obligation of the Commonwealth, and this debt is not included in these general purpose financial statements.

During the fiscal year ended June 30, 1987, KDFA issued bonds as follows: \$11,155,000 Hospital Revenue Refunding Bonds, Series 1987 (Berea Hospital, Inc.), maturing to 2012 at 8.375%; and \$500,000 Various Purpose Industrial Revenue Bonds (Alltech Inc.), maturing to 2003 at interest rates equal to 80% of the prime rate in current use by Central Bank, Lexington, KY, as adjusted each June 1 and December 1 until maturity. This brings the total debt issued by KDFA to approximately \$396 million.



*Daniel Boone's Grave
Frankfort*

Changes in General Long-Term Obligations - Changes in general long-term obligations (expressed in thousands) for the fiscal year ended June 30, 1987, are summarized as follows:

	Compensated Absences	Capital Leases	General Obligation Bonds	State Supported Revenue Bonds	Other Long-term Obligations	Total
Balance at July 1, 1986	\$ 76,643	\$ 1,906	\$ 164,650	\$1,549,055	\$ 708,117	\$2,500,371
Obligations Incurred	51,208	406		1,049,284		1,100,898
Obligations Retired	(46,158)	(979)	(22,170)	(672,506)	(61,545)	(803,358)
Other Changes					1,075,751	1,075,751
Balance at June 30, 1987	<u>\$ 81,693</u>	<u>\$ 1,333</u>	<u>\$ 142,480</u>	<u>\$1,925,833</u>	<u>\$1,722,323</u>	<u>\$3,873,662</u>

The other long-term obligations were increased to reflect the actuarial determined liability for worker compensation claims. The total actuarial determined liability included is \$1,688,926,000 to be paid through the year 2076. The composition of this liability is: claims awarded \$900,105,000; claims pending, \$549,635,000; and incurred but not reported, \$239,186,000.

Note 13 - Segment Information - Segment financial information for the Commonwealth's Enterprise Funds for the year ended June 30, 1987, is presented below (amounts expressed in thousands):

	State Parks	State Fair Board	Industries for the Blind	Horse Park	Kentucky Center for the Arts	Kentucky Agricultural Finance Authority
	Recreation and Lodging	Facility Rentals	Light Industry	Equine Museum	Cultural Events	Debt Issuance
Goods and Services Provided						
Operating Revenues	\$ 29,726	\$ 14,961	\$ 1,266	\$ 3,128	\$ 2,039	\$ 6
Depreciation and Amortization Expense	3,443	3,048	42	1,769	870	
Operating Income (Loss)	(20,054)	(3,506)	(416)	(2,279)	(2,358)	2
Operating Grants, Entitlements, and Shared Revenues	740				153	
Operating Transfers:						
In	19,904	501	448	644		
Out	(10)	(848)		(1)		
Tax Revenues					719	
Income (Loss) Before Extraordinary Item	941	(3,834)	40	(1,637)	(433)	2
Extraordinary Loss on Defeasance						
Net Income (Loss)	941	(3,834)	40	(1,637)	(433)	2
Current Contributed Capital:						
Contributions:		2,875		54		
Fixed Assets:						
Additions	2,657	2,170	15	111	143	
Deletions	857	344	11	59		
Net Working Capital	19,678	(271)	310	722	264	1
Total Assets	92,834	96,852	1,196	19,729	30,612	1
Bonds and Other Long-Term Liabilities:						
Payable from Operating Revenue and operating transfers - in	8,658	204	35	46	197	
Total Equity	76,504	92,868	1,017	19,394	29,552	1

<u>Kentucky Local Correctional Facilities Construction Authority</u>	<u>Kentucky Housing Corporation</u>	<u>Kentucky Pollution Abatement and Water Resources Finance Authority</u>	<u>Kentucky Higher Education Student Loan Corporation</u>	<u>Kentucky Development Finance Authority</u>	<u>Total</u>
Debt Issuance	Debt Issuance	Debt Issuance	Debt Issuance	Debt Issuance	
\$ 5,735	\$ 80,495	\$ 5,607	\$ 34,835	\$ 4,168	\$ 181,966
31	1,689	368	149		11,409
(7,169)	9,470	210	1,141	3,459	(21,500)
					893
					21,497 (859)
					719
(7,131)	9,470	210	1,141	3,459	2,228
(4,489)					(4,489)
(11,620)	9,470	210	1,141	3,459	(2,261)
					2,929
	1,305				6,401 1,271
20,260	230,710	42,809	125,277	26,861	466,621
30,828	932,818	96,272	398,164	70,987	1,770,293
43,215	764,256	62,124	380,315		1,259,050
(14,878)	107,033	10,629	15,107	70,910	408,137

Note 14 - Commitments and Contingencies -

Commitments - The Commonwealth has entered into an agreement with Toyota Motor Manufacturing, U.S.A., Inc., to furnish land and certain improvements thereto, a skills development center, employee training program, and certain highway improvements in the area of the Georgetown, Kentucky, plant. The 1986 Session of the General Assembly authorized Economic Development Bonds, in the amount of \$92 million, and appropriated \$20.4 million to the Cabinet for Human Resources for the employee training program for the 1986-1988 Biennium. The General Assembly also authorized the expenditure of another \$12.6 million of the General Fund Surplus Account should the appropriation to the Cabinet for Human Resources be insufficient to cover the cost. The total amount of State funding committed to this agreement is \$125 million. Additional Federal funding, of up to \$22 million, if available, may be used for the employee training program and highway improvements. The Federal funding is also contingent on these projects meeting Federal guidelines.

Funds expended during fiscal year 1986-87 for this project totaled approximately \$42.9 million. Through fiscal year 1987, accumulated expenditures of \$69.9 million have been made for the acquisition of land, site preparation, and highway improvements in the area of the Georgetown, Kentucky, site.

Litigation - The Commonwealth, its units and employees are parties to numerous legal proceedings many of which normally occur in governmental operations. The legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the Commonwealth's financial position.

In addition, the Commonwealth and its units are involved in certain other legal proceedings which, if decided adversely to the Commonwealth, may require the Commonwealth to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures or revenue sources of the Commonwealth.

The Commonwealth currently has litigation pending questioning the constitutionality of the truck decal tax. An adverse opinion could require the refunding of the approximately \$52 million that has been collected for this tax in the Transportation Fund.

Federal Grants - The Commonwealth receives significant financial assistance from the U. S. Government in the form of grants and Federal revenue sharing entitlements. Entitlement to these resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the Commonwealth. As of June 30, 1987, the Commonwealth estimates that no material liabilities will result from such audits.

Leases - The Commonwealth has entered into various operating leases for land and buildings. All leases contain termination clauses providing for the cancellation after 30, 60, or 90 days written notice to the lessors. In addition, all leases contain appropriation clauses indicating that continuation of the lease is subject to funding by the legislature. It is expected that in the normal course of business most of these leases will be replaced by similar leases. Expenditures for rent under leases for the years ended June 30, 1987 and 1986 amounted to \$19.5 million and \$18.1 million, respectively.

Sick Leave - It is the policy of the Commonwealth to record the cost of sick leave when paid. Generally, since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee is absent due to illness, injury, or related family death, there was no liability for sick leave at June 30, 1987. The estimated accumulated amount of unused sick leave at that date for the governmental and proprietary funds was \$123,109,862 and \$7,922,409, respectively.

Note 15 - Subsequent Events - The debt issuing entities of the Commonwealth have issued revenue bonds or agreed to administer state participation in debt service payments for revenue bonds sold after June 30, 1987, and prior to December 1, 1987, as described below.

The State Property and Buildings Commission issued the following revenue bonds:

(1) \$28,715,000 of revenue bonds, dated October 1, 1987, sold October 13, 1987, and closed November 3, 1987, with composite stated interest rates ranging from 5.5% to 9.1%, maturing as to principal serially and semi-annually from April 1, 1988, through October 1, 2007. The proceeds of this issue fund multiple State agency requests as follows: \$2,970,000 for Justice Cabinet Project 43 to finance the acquisition of an automatic fingerprint identification system and to construct an additional state police post facility; \$11,575,000 for Finance and Administration Cabinet Project 44 to finance certain improvements to the Capitol And Capitol Annex buildings; \$1,050,000 for Tourism Cabinet Project 45 to finance various renovation, construction and acquisition projects throughout the state park system; and \$13,120,000 for Kentucky Educational Television Authority Project 46 to finance the addition of a second channel distribution system and the construction of a telecommunications center.

(2) \$61,465,000 of revenue bonds dated October 15, 1987, sold October 30, 1987, and closed November 19, 1987, with stated interest rates ranging from 6.0% to 8.50% on \$36,275,000 of serial bonds maturing as to principal annually on November 1, 1988, through November 1, 2002. The remaining \$25,190,000 of 8.75% term bonds are due November 1, 2007. These bonds, designated as Project 40, were issued at the request of the Commerce Cabinet to finance the acquisition and improvement of land preparatory to the construction of a major automobile manufacturing and assembly facility.

(3) \$27,340,000, Project 39, First Series Economic Development Revenue bonds, dated November 1, 1987, and sold November 18, 1987, with stated interest rates to be finally determined prior to the closing in mid December, 1987, on serial bonds maturing as to principal annually from December 1, 1988, through December 1, 2007. The proceeds of this issue will finance various economic development projects of the Commerce Cabinet which constitute sub-projects under the Bond Resolution.

Northern Kentucky University issued \$11,045,000 of revenue bonds dated October 1, 1987, sold October 21, 1987, and closed November 12, 1987, with stated interest rates ranging from 8.3% to 9.0%, and due as to principal serially and annually from May 1, 1988, through May 1, 2007. The proceeds will be used to pay the costs, to the extent not otherwise provided, of the construction and equipping of a new science and technology center on the campus of the University at Highland Heights, Kentucky that is and shall be a part of the Consolidated Educational Buildings Project created by the Board of Regents on March 28, 1972.

The Turnpike Authority of Kentucky issued \$36,600,000 of Economic Development Road Revenue Bonds, dated November 1, 1987, sold November 12, 1987, and closed November 17, 1987, with stated interest rates ranging from 5.7% to 8.0% on \$20,670,000 of serial bonds due as to principal from July 1, 1988 through July 1, 2000. The remaining \$15,930,000 of 8.25% term bonds are due July 1, 2007.

The Kentucky School Facility Construction Commission issued revenue bonds for the construction or renovation of local public school facilities as follows: (1) \$1,600,000 Composite Issue II, Series B, sold on August 20, 1987, to finance projects of Ballard, Hopkins, Lincoln, and McClean County School Districts having \$1,423,985 of state participation with stated interest rates ranging from 5.0% to 7.5% on bonds due as to principal serially and annually from June 1, 1988, through June 1, 2007, and (2) \$3,265,000 Magoffin County Issue having state participation of \$1,494,135 with stated interest rates ranging from 5.0% to 8.1% on bonds due serially and annually as to principal on September 1, 1988, through September 1, 2007.

The Kentucky School Facility Construction Commission also administers the state participation in the debt service payments of local school district revenue bond issues as follows:

School District	Sale Date	Principal At Issue	State Share	Interest Rates
Warren County	07/21/87	\$ 9,110,000	\$ 7,119,030	6.0 to 7.0%
Christian County	07/27/87	3,650,000	3,650,000	4.5 to 7.25%
Taylor County	08/04/87	2,675,000	1,347,114	4.75 to 7.5%
Laurel County	08/06/87	6,480,000	366,206	4.5 to 7.4%
Estill County	08/25/87	2,670,000	794,179	5.0 to 7.5%
Fayette County	09/03/87	2,290,000	2,290,000	5.0 to 7.75%
Scott County	09/09/87	1,675,000	1,675,000	5.2 to 8.0%
Letcher County	09/24/87	980,000	980,000	5.5 to 8.25%
Bath County	09/29/87	1,930,000	1,282,957	5.5 to 8.1%
Daviess County	09/30/87	2,490,000	2,490,000	5.5 to 7.9%
Todd County	10/20/87	3,900,000	873,832	6.5 to 8.5%
Bell County	11/09/87	4,800,000	2,322,610	5.5 to 8.0%
Knox County	11/10/87	4,130,000	1,485,696	5.5 to 8.2%
Fayette County	11/12/87	5,460,000	5,460,000	5.25 to 7.7%
Total		\$ 52,240,000	\$ 32,136,624	

The 1987 Extraordinary Session of the Kentucky General Assembly passed House Bill No. 1, an Act related to workers' compensation, dated October 22, 1987, then signed into law by the Governor and filed by the Secretary of State on October 26, 1987. This legislation imposes additional assessments on employers of the Commonwealth engaged in the severance or processing of coal to more nearly equate to the \$1.7 billion estimated projected unfunded liability of the workers' compensation special fund (Special Benefits Fund within the Trust and Agency Fund), provided for in KRS 342.122, of which 78% of the total and 90% of the subtotal for occupational disease is attributable to benefits awarded for coal workers' pneumoconiosis (black lung) claims.

For the purpose of funding and prefunding this liability and related administration and operation costs, the following assessments are imposed in lieu of all other assessments on such premiums:

1. A 23.3% assessment on the amount of workers' compensation premiums received on and after November 1, 1987, by every insurance carrier writing workers' compensation insurance in the Commonwealth, by every group of self-insurers operating under the provisions of KRS 342.350(4), and against the premium, as defined in KRS 342.620, of every employer carrying his own risk.
2. An additional 40% assessment on the amount of workers' compensation premiums received on and after November 1, 1987, by every insurance carrier writing workers' compensation insurance in the Commonwealth and by every group of self-insurers operating under the provisions of KRS 342.350(4), from employers engaged in the severance or processing of coal who is carrying his own risk.

On October 31, 1988, and each October 31, thereafter, the Kentucky Workers' Compensation Funding Commission shall determine the amount of premiums reported and assessments imposed for such past period as appropriate and calculate such adjustments as are necessary to provide \$70 million from the 23.3% assessment and \$40 million from the 40% additional assessment during the next annual period beginning on April 1 of each year. On or before March 1 of each year the commission shall notify each insurance company writing workers compensation insurance in the Commonwealth, every group of self-insurers, and each employer carrying his own risk of the adjusted rates which shall become effective on April 1 of each year.

All assessments imposed by this Act are payable to the commission. Assessments remaining unpaid on the date due and payable shall bear interest at the rate specified by KRS 131.183 plus a penalty of 1.5% per month from that date until paid.

Since June 30, 1987, the value of corporate notes and securities has fallen dramatically. The fiduciary funds hold the majority of the Commonwealth's total investment in corporate notes and securities at June 30. On December 1, 1987, the market value of the portfolio of the fiduciary funds is approximately \$4,858,467,394.

Murray State University is scheduled to sell an estimated \$14,825,000 in Consolidated Educational Building Revenue Bonds on December 2, 1987. These bonds, if sold, will close later in the month and finalized interest rates will be determined.

Combining and Individual Fund Statements



General Fund

The General Fund accounts for financial resources appropriated by the General Assembly that are not required to be accounted for in another fund.



COMMONWEALTH OF KENTUCKY
BALANCE SHEET
GENERAL FUND
JUNE 30, 1987
(Expressed in Thousands)

	June 30, 1987	June 30, 1986
<u>ASSETS</u>		
CASH AND CASH EQUIVALENTS	\$ 360,360	\$ 372,212
RECEIVABLES, NET	232,616	232,018
INTERFUND RECEIVABLES	6,230	4,273
INVENTORIES	7,794	6,942
TOTAL ASSETS	<u>\$ 607,000</u>	<u>\$ 615,445</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
ACCOUNTS PAYABLE	\$ 241,966	\$ 218,379
TAX REFUNDS PAYABLE	113,959	93,217
INTERFUND PAYABLES	7,713	3,084
DEFERRED REVENUE	37,812	43,875
TOTAL LIABILITIES	<u>401,450</u>	<u>358,555</u>
FUND BALANCE:		
RESERVED FOR:		
CONTINUING APPROPRIATIONS	42,942	4,028
INVENTORIES	7,794	6,941
UNRESERVED:		
UNDESIGNATED	154,814	245,921
TOTAL FUND BALANCE	<u>205,550</u>	<u>256,890</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 607,000</u>	<u>\$ 615,445</u>

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	For The Year Ended	
	June 30, 1987	June 30, 1986
REVENUES:		
TAXES	\$ 2,772,312	\$ 2,648,843
INTERGOVERNMENTAL	3,981	3,890
CHARGES FOR SERVICES	1,443	1,418
FINES AND FORFEITS	31,135	29,526
INTEREST AND OTHER INVESTMENT INCOME	28,103	33,200
OTHER REVENUE	24,314	21,366
TOTAL REVENUES	<u>2,861,288</u>	<u>2,738,243</u>
EXPENDITURES:		
GENERAL GOVERNMENT	163,034	132,092
LEGISLATIVE AND JUDICIAL	81,481	79,066
COMMERCE	13,831	19,233
EDUCATION AND HUMANITIES	1,234,516	1,089,027
ENERGY	10,284	6,293
HUMAN RESOURCES	454,691	426,840
JUSTICE	62,980	62,022
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	29,426	26,598
CORRECTIONS	89,760	80,973
PUBLIC PROTECTION AND REGULATION	26,343	26,875
TRANSPORTATION	2,159	1,559
TOTAL EXPENDITURES	<u>2,168,505</u>	<u>1,950,578</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>692,783</u>	<u>787,665</u>
OTHER FINANCING SOURCES (USES):		
OPERATING TRANSFERS IN	8,359	3,109
OPERATING TRANSFERS OUT	(762,694)	(695,434)
CAPITALIZED LEASES	169	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(754,166)</u>	<u>(692,325)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(61,383)</u>	<u>95,340</u>
FUND BALANCE AT JULY 1	256,890	151,939
EQUITY TRANSFERS	9,190	8,545
INCREASE IN INVENTORIES	853	1,066
FUND BALANCE AT JUNE 30	<u>\$ 205,550</u>	<u>\$ 256,890</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Budget	Actual	Variance favorable (unfavorable)
REVENUES:			
TAXES	\$ 2,786,962	\$ 2,785,267	\$ (1,695)
LICENSES, FEES, AND PERMITS	13,127	12,104	(1,023)
INTERGOVERNMENTAL	4,031	3,981	(50)
CHARGES FOR SERVICES	1,050	1,439	389
FINES AND FORFEITS	30,530	31,231	701
INTEREST AND OTHER INVESTMENT INCOME	29,000	30,416	1,416
OTHER REVENUE	6,424	17,303	10,879
TOTAL REVENUES	2,871,124	2,881,741	10,617
EXPENDITURES:			
GENERAL GOVERNMENT			
GOVERNOR'S OFFICE	2,669	2,615	54
GOVERNOR'S OFFICE FOR POLICY AND MANAGEMENT	1,525	1,359	166
GOVERNOR'S OFFICE OF PROGRAM ADMINISTRATION	322	264	58
COUNTY FEES - JURY FUND	3,856	3,732	124
COUNTY COSTS - WITNESSES	116	95	21
COUNTY COSTS - SPECIAL BAILIFFS	26		26
COUNTY COSTS - SHERIFFS' FEES	1,345	1,334	11
COUNTY COSTS - COUNTY CLERK TAX BILL	655	655	
COUNTY COSTS - BOARD OF ASSESSMENT/APPEAL	20	15	5
COUNTY COSTS - FUGITIVES FROM JUSTICE	358	358	
COUNTY COSTS - SHERIFF EXPENSE ALLOWANCE	432	432	
COUNTY COSTS - PREMIUM ON SHERIFFS' BONDS	537	536	1
COUNTY COSTS - BASE COURT REVENUE	5,431	5,431	
UNIFIED PROSECUTORIAL SYSTEM - COMMONWEALTH ATTORNEYS	8,378	8,365	13
UNIFIED PROSECUTORIAL SYSTEM - COUNTY ATTORNEYS	8,652	8,650	2
DEPARTMENT OF AGRICULTURE	9,715	9,637	78
OFFICE OF THE ATTORNEY GENERAL	5,115	5,114	1
AUDITOR OF PUBLIC ACCOUNTS	2,853	2,853	
LIEUTENANT GOVERNOR'S OFFICE	487	476	11
MILITARY AFFAIRS - DISASTER AND EMERGENCY SERVICES	2,178	2,141	37
MILITARY AFFAIRS - GENERAL OPERATIONS	5,295	5,201	94
SECRETARY OF THE CABINET	569	428	141
LOCAL GOVERNMENT - VARIOUS AREA DEVELOPMENT DISTRICTS	5,557	5,557	
LOCAL GOVERNMENT - ECONOMIC ASSISTANCE FUND	28,938	21,840	7,098
LOCAL GOVERNMENT - AREA DEVELOPMENT FUND	5,410	5,410	
SECRETARY OF STATE - RESTORATION OF LAND GRANT BOOKS	44	43	1
SECRETARY OF STATE - GENERAL OPERATIONS	1,270	1,212	58
DEPARTMENT OF THE TREASURY	1,331	1,314	17
BOARD OF ELECTIONS	1,187	1,186	1
PERSONNEL BOARD	299	273	26
SCHOOL FACILITIES CONSTRUCTION COMMISSION	7,487	7,369	118
FLOOD CONTROL ADVISORY COMMISSION	101	87	14
COMMISSION ON HUMAN RIGHTS	1,229	1,213	16
COMMISSION ON WOMEN	194	190	4
COUNCIL ON HIGHER EDUCATION	9,966	9,777	189
BUDGET RESERVE TRUST FUND	20,604		20,604
DEPARTMENT OF PERSONNEL	4,291	4,168	123
EASTERN KENTUCKY UNIVERSITY	37,376	37,376	
KENTUCKY STATE UNIVERSITY	13,778	13,778	
MOREHEAD STATE UNIVERSITY	22,881	22,881	
MURRAY STATE UNIVERSITY	27,920	27,920	
NORTHERN KENTUCKY UNIVERSITY	21,816	21,816	
UNIVERSITY OF KENTUCKY	197,319	197,319	
UNIVERSITY OF LOUISVILLE	101,457	101,457	
WESTERN KENTUCKY UNIVERSITY	36,083	36,083	
REVENUE CABINET - OFFICE OF ADMINISTRATION	4,658	4,641	17
REVENUE CABINET - DEPARTMENT OF PROCESSING AND ENFORCEMENT	23,430	23,426	4
REVENUE CABINET - DEPARTMENT OF PROPERTY TAXATION	3,933	3,915	18
REVENUE CABINET - OFFICE OF PROPERTY VALUATION ADMINISTRATORS	11,640	11,466	174
FINANCE AND ADMINISTRATION - OFFICE OF THE SECRETARY	2,765	2,590	175
CAPITAL PLAZA AUTHORITY	2,306	2,231	75
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY	8,588	8,559	29
FINANCIAL DISCLOSURE REVIEW COMMISSION	51	50	1

	Budget	Actual	Variance favorable (unfavorable)
DEPARTMENT FOR ADMINISTRATION	5,652	5,649	3
DEPARTMENT FOR FACILITIES MANAGEMENT	6,917	6,812	105
SPECIAL ACCOUNTS - KENTUCKY CENTER FOR THE ARTS	3,300	3,260	40
SPECIAL ACCOUNTS - CAPITAL CONSTRUCTION	15,311	15,311	
GENERAL OBLIGATION PARK BONDS	560	560	
GENERAL OBLIGATION VETERANS BONUS BONDS	7,875	7,875	
GENERAL OBLIGATION VARIOUS PURPOSE BONDS	2,070	2,062	8
APPROPRIATIONS NOT OTHERWISE CLASSIFIED:			
BOARD OF CLAIMS AWARDS	425	425	
JUDGEMENTS	1,438	1,427	11
PRIOR YEAR CLAIMS	109	108	1
UNREDEEMED CHECKS REFUNDED	60	41	19
FRANKFORT PLANNING COMMISSION	1	1	
FRANKFORT CEMETARY	3	3	
BLANKET EMPLOYEE BONDS	140		140
PUBLIC IMPROVEMENTS	5		5
POLICE AND FIREMEN LIFE INSURANCE	150	150	
MASTER COMMISSIONER EMPLOYERS RETIREMENT	64	64	
MASTER COMMISSIONER SOCIAL SECURITY	100	100	
MONEY REFUNDED	2		2
WORKER'S COMPENSATION	65	54	11
TOTAL GENERAL GOVERNMENT	708,690	678,740	29,950
LEGISLATIVE AND JUDICIAL			
GENERAL ASSEMBLY	5,345	4,706	639
LEGISLATIVE RESEARCH COMMISSION	10,316	9,513	803
BOARD OF ETHICS	17	15	2
JUDICIAL FORM RETIREMENT SYSTEM	2,089	2,088	1
COURT OF JUSTICE - OPERATION AND ADMINISTRATION	58,178	58,177	1
COURT OF JUSTICE - LOCAL FACILITY SUPPORT	8,647	8,647	
TOTAL LEGISLATIVE AND JUDICIAL	84,592	83,146	1,446
COMMERCE			
COMMERCE - OFFICE OF THE SECRETARY	9,539	9,353	186
BLUEGRASS STATE SKILLS CORPORATION	687	683	4
DEPARTMENT OF ECONOMIC DEVELOPMENT	3,363	3,362	1
DEPARTMENT OF THE ARTS	3,662	3,661	1
KENTUCKY DEVELOPMENT FINANCE AUTHORITY	5,424	5,224	200
TOURISM - OFFICE OF THE SECRETARY	676	674	2
BREAKS INTERSTATE PARK	239	239	
DEPARTMENT OF TRAVEL DEVELOPMENT	3,907	3,901	6
KENTUCKY STATE FAIR BOARD	6,275	6,261	14
KENTUCKY HORSE PARK	1,923	1,845	78
DEPARTMENT OF PARKS	16,772	16,758	14
TOTAL COMMERCE	52,467	51,961	506
EDUCATION AND HUMANITIES			
OFFICE OF THE SECRETARY	371	297	74
COMMISSION ON DEAF AND HEARING IMPAIRED	211	198	13
KENTUCKY ORAL HISTORY COMMISSION	97	96	1
KENTUCKY HERITAGE COUNCIL	660	623	37
DEPARTMENT FOR THE BLIND	1,268	1,267	1
EDUCATION - LOCAL SERVICES	20,731	20,571	160
EDUCATION - INSTRUCTIONAL SERVICES	30,393	30,307	86
EDUCATION - VOCATIONAL EDUCATION	48,655	48,617	38
EDUCATION - VOCATIONAL REHABILITATION	4,513	4,513	
EDUCATION - INSURANCE SERVICES	43,889	43,888	1
EDUCATION - GENERAL ADMINISTRATION	13,531	13,291	240
EDUCATION - EXCEPTIONAL CHILDREN	10,244	9,867	377
EDUCATION - POWER EQUALIZATION	68,561	68,561	
EDUCATION - MINIMUM FOUNDATION	973,857	973,809	48
EDUCATION - ADMINISTRATIVE SERVICES AND			
BUDGET MANAGEMENT	4,041	4,039	2
KENTUCKY EDUCATIONAL TELEVISION	8,246	8,245	1
KENTUCKY HISTORICAL SOCIETY	1,660	1,660	
LIBRARIES AND ARCHIVES - DIRECT LOCAL AID	3,932	3,932	

	Budget	Actual	Variance favorable (unfavorable)
LIBRARIES AND ARCHIVES - GENERAL OPERATIONS	6,275	6,127	148
TEACHERS' RETIREMENT SYSTEM	162,711	162,711	
GOVERNOR'S COMMISSION ON LITERACY	784	773	11
CAREER LADDER COMMISSION	2,500	2,310	190
TOTAL EDUCATION AND HUMANITIES	1,407,130	1,405,702	1,428
ENERGY			
MANAGEMENT	921	887	34
DEPARTMENT OF PRODUCTION AND UTILIZATION	758	712	46
DEPARTMENT OF RESEARCH AND DEVELOPMENT	6,677	6,638	39
DEPARTMENT OF RESEARCH AND DEVELOPMENT - DEMONSTRATION PROJECTS	3,555	3,554	1
TOTAL ENERGY	11,911	11,791	120
HUMAN RESOURCES			
OFFICE OF EXECUTIVE POLICY AND SUPPORT	13,024	12,782	242
DEPARTMENT FOR MENTAL HEALTH AND MENTAL RETARDATION SERVICES	78,016	77,942	74
COMMISSION FOR HEALTH ECONOMIC CONTROL IN KENTUCKY	199	199	
DEPARTMENT FOR HEALTH SERVICES	40,067	40,019	48
CERTIFICATE OF NEED AUTHORITY	25	25	
COMMISSION FOR HANDICAPPED CHILDREN	5,743	5,721	22
DEPARTMENT FOR EMPLOYMENT SERVICES	9,573	419	9,154
DEPARTMENT FOR SOCIAL INSURANCE - ADMINISTRATION	27,123	26,974	149
DEPARTMENT FOR SOCIAL INSURANCE - BENEFITS	50,402	48,460	1,942
DEPARTMENT FOR MEDICAID SERVICES - ADMINISTRATION	9,215	8,708	507
DEPARTMENT FOR MEDICAID SERVICES - BENEFITS	180,039	179,634	405
DEPARTMENT FOR SOCIAL SERVICES	65,838	64,845	993
TOTAL HUMAN RESOURCES	479,264	465,728	13,536
JUSTICE			
DEPARTMENT OF ADMINISTRATION	1,819	1,796	23
DEPARTMENT OF STATE POLICE	59,999	59,999	
DEPARTMENT OF TRAINING	2,011	1,939	72
TOTAL JUSTICE	63,829	63,734	95
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION			
OFFICE OF THE SECRETARY	2,823	2,804	19
ENVIRONMENTAL QUALITY COMMISSION	84	77	7
KENTUCKY NATURE PRESERVES COMMISSION	214	214	
DEPARTMENT FOR ENVIRONMENTAL PROTECTION	10,703	10,261	442
DEPARTMENT FOR NATURAL RESOURCES	7,727	7,721	6
DEPARTMENT FOR SURFACE MINING RECLAMATION AND ENFORCEMENT	8,395	8,393	2
TOTAL NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	29,946	29,470	476
CORRECTIONS			
MANAGEMENT	9,696	9,604	92
COMMUNITY SERVICES AND FACILITIES - LOCAL JAIL ALLOTMENT	15,038	15,012	26
COMMUNITY SERVICES AND FACILITIES - MANAGEMENT	17,992	17,945	47
DEPARTMENT OF ADULT INSTITUTIONS	52,446	52,259	187
TOTAL CORRECTIONS	95,172	94,820	352
PUBLIC PROTECTION AND REGULATION			
OFFICE OF THE SECRETARY	329	328	1
REGISTRY OF ELECTION FINANCE	296	289	7
BOARD OF CLAIMS AND CRIME VICTIMS COMPENSATION	743	718	25
BOARD OF TAX APPEAL	215	206	9
KENTUCKY HARNESS RACING COMMISSION	541	541	
PUBLIC SERVICE COMMISSION	5,289	4,492	797
KENTUCKY STATE RACING COMMISSION	427	423	4
DEPARTMENT OF PUBLIC ADVOCACY	7,412	7,411	1
ALCOHOLIC BEVERAGE CONTROL	1,529	1,491	38
DEPARTMENT OF HOUSING, BUILDING, AND CONSTRUCTION	2,286	2,269	17
DEPARTMENT OF MINES AND MINERALS	7,282	7,190	92
LABOR CABINET - OFFICE OF THE SECRETARY	209	195	14
DEPARTMENT OF WORKPLACE STANDARDS	1,370	1,360	10
TOTAL PUBLIC PROTECTION AND REGULATION	27,928	26,913	1,015

	Budget	Actual	Variance favorable (unfavorable)
TRANSPORTATION			
GENERAL ADMINISTRATION	270	216	54
AIR	3,541	1,701	1,840
RAIL	78	78	
PUBLIC	1,713	233	1,480
TOTAL TRANSPORTATION	<u>5,602</u>	<u>2,228</u>	<u>3,374</u>
TOTAL EXPENDITURES	<u>2,966,531</u>	<u>2,914,233</u>	<u>52,298</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (95,407)</u>	<u>\$ (32,492)</u>	<u>\$ 62,915</u>

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES BY SOURCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

REVENUES BY SOURCE	For The Year Ended	
	June 30, 1987	June 30, 1986
TAXES:		
SALES AND GROSS RECEIPTS	\$ 1,026,567	\$ 1,010,452
INCOME:		
INDIVIDUAL	909,434	810,330
CORPORATION	267,299	233,674
PROPERTY	245,408	260,412
COAL SEVERANCE	186,008	198,311
LICENSES AND PRIVILEGES	69,049	47,662
INHERITANCE AND ESTATE	49,240	54,881
MISCELLANEOUS	19,307	33,121
TOTAL TAXES	<u>2,772,312</u>	<u>2,648,843</u>
INTERGOVERNMENTAL	3,981	3,890
CHARGES FOR SERVICES	1,443	1,418
FINES AND FORFEITS	31,135	29,526
INTEREST AND OTHER INVESTMENT INCOME	28,103	33,200
OTHER REVENUE	<u>24,314</u>	<u>21,366</u>
TOTAL REVENUES BY SOURCE	<u>\$ 2,861,288</u>	<u>\$ 2,738,243</u>

COMMONWEALTH OF KENTUCKY
STATEMENT OF EXPENDITURES BY FUNCTION, CABINET, AND OBJECT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	June 30, 1987	For The Year Ended June 30, 1986
GENERAL GOVERNMENT:		
CABINET FOR GENERAL GOVERNMENT		
PERSONAL SERVICES	\$ 46,710	\$ 39,668
UTILITIES, RENTALS, AND OTHER SERVICES	7,335	6,414
COMMODITIES AND SUPPLIES	15,648	9,566
GRANTS AND SUBSIDIES	33,501	21,934
CAPITAL OUTLAY	825	600
TRAVEL	920	662
JUDGEMENTS	4	(29)
TOTAL CABINET FOR GENERAL GOVERNMENT	104,943	78,815
FINANCE AND ADMINISTRATION CABINET		
PERSONAL SERVICES	8,896	8,097
UTILITIES, RENTALS, AND OTHER SERVICES	2,376	1,788
COMMODITIES AND SUPPLIES	860	6,506
GRANTS AND SUBSIDIES	169	(3,802)
CAPITAL OUTLAY	208	158
TRAVEL	120	97
JUDGEMENTS	1,332	663
REISSUE UNREDEEMED TREASURY CHECKS	41	117
TOTAL FINANCE AND ADMINISTRATION CABINET	14,002	13,624
REVENUE CABINET		
PERSONAL SERVICES	34,337	30,250
UTILITIES, RENTALS, AND OTHER SERVICES	7,626	7,068
COMMODITIES AND SUPPLIES	997	1,114
CAPITAL OUTLAY	467	488
TRAVEL	643	744
JUDGEMENTS		(29)
CONTINGENT LIABILITIES	19	18
TOTAL REVENUE CABINET	44,089	39,653
TOTAL GENERAL GOVERNMENT	163,034	132,092
LEGISLATIVE AND JUDICIAL		
PERSONAL SERVICES	59,057	56,977
UTILITIES, RENTALS, AND OTHER SERVICES	13,908	13,717
COMMODITIES AND SUPPLIES	5,070	5,765
CAPITAL OUTLAY	1,721	1,148
TRAVEL	1,713	1,452
JUDGEMENTS		7
CONTINGENT LIABILITIES	12	
TOTAL LEGISLATIVE AND JUDICIAL	81,481	79,066
COMMERCE:		
COMMERCE CABINET		
PERSONAL SERVICES	4,840	10,419
UTILITIES, RENTALS, AND OTHER SERVICES	1,096	1,914
COMMODITIES AND SUPPLIES	417	730
GRANTS AND SUBSIDIES	2,229	1,936
CAPITAL OUTLAY	66	235
TRAVEL	231	587
JUDGEMENTS		5
TOTAL COMMERCE CABINET	8,879	15,826
TOURISM CABINET		
PERSONAL SERVICES	2,854	1,822
UTILITIES, RENTALS, AND OTHER SERVICES	1,074	827
COMMODITIES AND SUPPLIES	138	104
GRANTS AND SUBSIDIES	683	502
CAPITAL OUTLAY	85	60
TRAVEL	107	92
JUDGEMENTS	11	
TOTAL TOURISM CABINET	4,952	3,407
TOTAL COMMERCE	13,831	19,233

	For The Year Ended	
	June 30, 1987	June 30, 1986
EDUCATION AND HUMANITIES		
PERSONAL SERVICES	72,467	59,154
UTILITIES, RENTALS, AND OTHER SERVICES	16,168	14,924
COMMODITIES AND SUPPLIES	8,060	6,469
GRANTS AND SUBSIDIES	1,134,765	1,005,123
CAPITAL OUTLAY	1,811	2,338
TRAVEL	1,245	1,107
JUDGEMENTS		(121)
CONTINGENT LIABILITIES		33
TOTAL EDUCATION AND HUMANITIES	1,234,516	1,089,027
ENERGY		
PERSONAL SERVICES	1,463	1,470
UTILITIES, RENTALS, AND OTHER SERVICES	309	389
COMMODITIES AND SUPPLIES	120	143
GRANTS AND SUBSIDIES	8,161	4,002
CAPITAL OUTLAY	158	246
TRAVEL	53	43
TOTAL ENERGY	10,284	6,293
HUMAN RESOURCES		
PERSONAL SERVICES	124,095	109,271
UTILITIES, RENTALS, AND OTHER SERVICES	14,535	16,144
COMMODITIES AND SUPPLIES	3,135	4,840
GRANTS AND SUBSIDIES	318,482	299,368
CAPITAL OUTLAY	749	837
TRAVEL	2,295	1,282
JUDGEMENTS	(3,670)	(12,485)
CONTINGENT LIABILITIES	(4,930)	7,583
TOTAL HUMAN RESOURCES	454,691	426,840
JUSTICE		
PERSONAL SERVICES	48,518	48,238
UTILITIES, RENTALS, AND OTHER SERVICES	5,550	4,421
COMMODITIES AND SUPPLIES	5,155	6,227
GRANTS AND SUBSIDIES	586	260
CAPITAL OUTLAY	2,703	2,460
TRAVEL	422	416
JUDGEMENTS	1	
CONTINGENT LIABILITIES	45	
TOTAL JUSTICE	62,980	62,022
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION		
PERSONAL SERVICES	21,384	19,456
UTILITIES, RENTALS, AND OTHER SERVICES	3,266	3,198
COMMODITIES AND SUPPLIES	1,859	1,737
GRANTS AND SUBSIDIES	1,634	1,410
CAPITAL OUTLAY	911	538
TRAVEL	298	245
JUDGEMENTS	43	14
CONTINGENT LIABILITIES	31	
TOTAL NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	29,426	26,598
CORRECTIONS		
PERSONAL SERVICES	48,267	45,326
UTILITIES, RENTALS, AND OTHER SERVICES	6,878	6,633
COMMODITIES AND SUPPLIES	3,809	3,232
GRANTS AND SUBSIDIES	30,119	25,478
CAPITAL OUTLAY	199	168
TRAVEL	442	401
JUDGEMENTS	46	(265)
TOTAL CORRECTIONS	89,760	80,973
PUBLIC PROTECTION AND REGULATION:		
PUBLIC PROTECTION AND REGULATION CABINET		
PERSONAL SERVICES	18,369	19,099
UTILITIES, RENTALS, AND OTHER SERVICES	2,291	2,038
COMMODITIES AND SUPPLIES	577	687
GRANTS AND SUBSIDIES	2,777	2,469
CAPITAL OUTLAY	441	125
TRAVEL	428	375
JUDGEMENTS	279	315
CONTINGENT LIABILITIES	(376)	378
TOTAL PUBLIC PROTECTION AND REGULATION CABINET	24,786	25,486

	For The Year Ended	
	June 30, 1987	June 30, 1986
LABOR CABINET		
PERSONAL SERVICES	1,286	1,145
UTILITIES, RENTALS, AND OTHER SERVICES	115	101
COMMODITIES AND SUPPLIES	17	26
CAPITAL OUTLAY	10	21
TRAVEL	104	96
JUDGEMENTS	25	
TOTAL LABOR CABINET	1,557	1,389
TOTAL PUBLIC PROTECTION AND REGULATION	26,343	26,875
TRANSPORTATION		
PERSONAL SERVICES	555	610
UTILITIES, RENTALS, AND OTHER SERVICES	164	93
COMMODITIES AND SUPPLIES	90	143
GRANTS	1,320	686
TRAVEL	30	27
TOTAL TRANSPORTATION	2,159	1,559
TOTAL EXPENDITURES	\$ 2,168,505	\$ 1,950,578

Special Revenue Funds

The Special Revenue Funds account for special revenue sources dedicated to specific operations other than expendable trusts or major capital projects. Kentucky uses the following Special Revenue Funds:

Transportation Fund—accounts for General Fund transfers, agency receipts, federal receipts, and related expenditures of the Department of Transportation including the constitutional Road Fund.

Federal Fund—accounts for monies received from the federal government.

Agency Revenue Fund—accounts for receipts and disbursements of restricted taxes, fees, and charges related to a particular function or activity and usually appropriated by the General Assembly.

Other Special Revenues Fund—accounts for receipts and disbursements of restricted taxes, fees, and charges related to a particular function or activity, but not usually appropriated by the General Assembly.



COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 1987
(Expressed in Thousands)

	Transportation	Federal	Agency Revenue	Other Special Revenue	Totals	
					June 30, 1987	June 30, 1986
<u>ASSETS</u>						
CASH AND CASH EQUIVALENTS	\$ 200,161	\$ 49,618	\$ 90,257	\$ 80,412	\$ 420,448	\$ 718,715
CASH WITH FISCAL AGENTS			14,381		14,381	403
RESTRICTED CASH	745				745	
INVESTMENTS, NET OF AMORTIZATION	5,000		12,145	344,934	362,079	114,101
RECEIVABLES, NET	35,947	156,575	13,631	31,395	237,548	129,536
INTERFUND RECEIVABLES	71,280	892	9,560	23,008	104,740	72,949
INVENTORIES	23,470	716	3,734		27,920	30,010
OTHER ASSETS			525	2	527	117
TOTAL ASSETS	\$ 336,603	\$ 207,801	\$ 144,233	\$ 479,751	\$ 1,168,388	\$ 1,065,831
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES:</u>						
ACCOUNTS PAYABLE	\$ 36,448	\$ 117,562	\$ 16,371	\$ 1,617	\$ 171,998	\$ 79,599
INTERFUND PAYABLES	25,254	43,842	2,361	60,758	132,215	90,339
DEFERRED REVENUE	5,337	24,757	11,443	17,088	58,625	49,541
OTHER LIABILITIES						1,384
TOTAL LIABILITIES	67,039	186,161	30,175	79,463	362,838	220,863
<u>FUND BALANCES:</u>						
<u>RESERVED FOR:</u>						
ENCUMBRANCES	72,888				72,888	72,040
CONTINUING APPROPRIATIONS	159,239				159,239	101,284
LOANS			15,969	5,555	21,524	25,109
INVESTMENTS			498	4,023	4,521	3,519
INVENTORIES	23,470	716	3,734		27,920	30,010
COMPENSATING BALANCE WITH DEPOSITORIES	745				745	815
REVENUE BOND RETIREMENT				13,509	13,509	12,550
TOLL ROAD CONSTRUCTION				332,555	332,555	444,850
<u>UNRESERVED:</u>						
UNDESIGNATED	13,222	20,924	93,857	44,646	172,649	154,791
TOTAL FUND BALANCES	269,564	21,640	114,058	400,288	805,550	844,968
TOTAL LIABILITIES AND FUND BALANCES	\$ 336,603	\$ 207,801	\$ 144,233	\$ 479,751	\$ 1,168,388	\$ 1,065,831

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Transportation	Federal	Agency Revenue	Other Special Revenue	Totals For The Year Ended	
					June 30, 1987	June 30, 1986
REVENUES:						
TAXES	\$ 504,702	\$	\$ 13,572	\$ 33,966	\$ 552,240	\$ 428,295
LICENSES, FEES, AND PERMITS	116,508	215	20,267	343	137,333	77,988
INTERGOVERNMENTAL	5,875	1,373,145	2,362	5,293	1,386,675	1,411,377
CHARGES FOR SERVICES	26,946	72	109,341	65,345	201,704	220,079
FINES AND FORFEITS	5	81	4,875	994	5,955	3,736
INTEREST AND OTHER INVESTMENT INCOME	7,918	1	6,719	37,866	52,504	73,538
OTHER REVENUE	37,094	6,944	21,596	7,026	72,660	37,877
TOTAL REVENUES	699,048	1,380,458	178,732	150,833	2,409,071	2,252,890
EXPENDITURES:						
CURRENT:						
GENERAL GOVERNMENT		34,949	65,302	163,754	264,005	173,677
LEGISLATIVE AND JUDICIAL		92	10	143	245	186
COMMERCE		470	14,210	91	14,771	16,746
EDUCATION AND HUMANITIES		215,795	29,341	22	245,158	235,442
ENERGY		731	28		759	1,256
HUMAN RESOURCES		874,407	65,656	2,162	942,225	947,006
JUSTICE		2,969	9,265		12,234	13,015
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION		16,496	6,390	1	22,887	24,071
CORRECTIONS		408	757		1,165	724
PUBLIC PROTECTION AND REGULATION		4,891	25,790		30,681	27,757
TRANSPORTATION	540,248	227,565	834		768,647	737,148
DEBT SERVICE						139
TOTAL EXPENDITURES	540,248	1,378,773	217,583	166,173	2,302,777	2,177,167
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	158,800	1,685	(38,851)	(15,340)	106,294	75,723
OTHER FINANCING SOURCES (USES):						
OPERATING TRANSFERS IN	337	11,089	67,401	83,371	162,198	159,626
OPERATING TRANSFERS OUT	(103,243)	(11,388)	(8,933)	(175,254)	(298,818)	(246,109)
CAPITALIZED LEASES	111	2			113	
TOTAL OTHER FINANCING SOURCES (USES)	(102,795)	(297)	58,468	(91,883)	(136,507)	(86,483)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	56,005	1,388	19,617	(107,223)	(30,213)	(10,760)
FUND BALANCE AT JULY 1	214,533	20,223	104,702	505,510	844,968	862,473
EQUITY TRANSFER IN (OUT)		(429)	(8,715)	2,029	(7,115)	(6,756)
INCREASE (DECREASE) IN INVENTORIES	(974)	458	(1,546)	(28)	(2,090)	11
FUND BALANCE AT JUNE 30	\$ 269,564	\$ 21,640	\$ 114,058	\$ 400,288	\$ 805,550	\$ 844,968

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	June 30, 1987	For The Year Ended	June 30, 1986
REVENUES:			
TAXES	\$ 504,702		\$ 386,752
LICENSES, FEES, AND PERMITS	116,508		61,734
INTERGOVERNMENTAL	5,875		6,157
CHARGES FOR SERVICES	26,946		28,315
FINES AND FORFEITS	5		91
INTEREST AND OTHER INVESTMENT INCOME	7,918		7,756
OTHER	37,094		1,962
TOTAL REVENUES	<u>699,048</u>		<u>492,767</u>
EXPENDITURES:			
TRANSPORTATION:			
GENERAL ADMINISTRATION AND SUPPORT	38,212		34,330
AIR TRANSPORTATION	16		289
RAIL TRANSPORTATION	229		537
HIGHWAYS	501,791		432,005
TOTAL EXPENDITURES	<u>540,248</u>		<u>467,161</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>158,800</u>		<u>25,606</u>
OTHER FINANCING SOURCES (USES):			
OPERATING TRANSFERS IN	337		71,655
OPERATING TRANSFERS OUT	(103,243)		(102,252)
CAPITALIZED LEASES	111		
TOTAL OTHER FINANCING SOURCES (USES)	<u>(102,795)</u>		<u>(30,597)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>56,005</u>		<u>(4,991)</u>
FUND BALANCE AT JULY 1	214,533		219,732
INCREASE (DECREASE) IN INVENTORIES	(974)		(208)
FUND BALANCE AT JUNE 30	<u>\$ 269,564</u>		<u>\$ 214,533</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (BUDGETARY BASIS)
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Budget	Actual	Variance favorable (unfavorable)
REVENUES:			
TAXES	\$ 446,248	\$ 493,932	\$ 47,684
LICENSES, FEES, AND PERMITS	143,431	116,957	(26,474)
INTERGOVERNMENTAL		4,692	4,692
CHARGES FOR SERVICES	23,555	24,118	563
FINES AND FORFEITS	200	5	(195)
INTEREST AND OTHER INVESTMENT INCOME	15,500	9,627	(5,873)
OTHER REVENUE	576	142,203	141,627
TOTAL REVENUES	<u>629,510</u>	<u>791,534</u>	<u>162,024</u>
EXPENDITURES:			
TRANSPORTATION:			
GENERAL ADMINISTRATION AND SUPPORT	40,055	39,770	285
AIR	1,212	1,212	
RAIL	169	137	32
PUBLIC	964	964	
HIGHWAY	700,575	699,983	592
TOTAL EXPENDITURES	<u>742,975</u>	<u>742,066</u>	<u>909</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (113,465)</u>	<u>\$ 49,468</u>	<u>\$ 162,933</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (BUDGETARY BASIS)
FEDERAL FUND
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Budget	Actual	Variance favorable (unfavorable)
REVENUES:			
LICENSES, FEES, AND PERMITS	\$	\$ 215	\$
INTERGOVERNMENTAL		1,335,835	
CHARGES FOR SERVICES		68	
FINES AND FORFEITS		82	
INTEREST AND OTHER INVESTMENT INCOME		1	
OTHER REVENUE		30,312	
TOTAL REVENUES		1,366,513	
EXPENDITURES:			
GENERAL GOVERNMENT			
GOVERNOR'S OFFICE	391		391
UNIFIED PROSECUTORIAL SYSTEM	114	32	82
DEPARTMENT OF AGRICULTURE	2,229	2,005	224
OFFICE OF THE ATTORNEY GENERAL	1,752	1,418	334
MILITARY AFFAIRS - DISASTER AND EMERGENCY SERVICES	8,766	2,206	6,560
MILITARY AFFAIRS - GENERAL OPERATIONS	1,618	1,169	449
DEPARTMENT FOR LOCAL GOVERNMENT	31,741	25,808	5,933
FLOOD CONTROL ADVISORY COMMISSION	9	9	
COMMISSION ON HUMAN RIGHTS	47	4	43
COUNCIL ON HIGHER EDUCATION	50	37	13
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY	1,077	1,035	42
TOTAL GENERAL GOVERNMENT	47,794	33,723	14,071
LEGISLATIVE AND JUDICIAL			
JUDICIAL DEPARTMENT - COURT OF JUSTICE	93	92	1
TOTAL LEGISLATIVE AND JUDICIAL	93	92	1
COMMERCE			
BLUEGRASS STATE SKILLS CORPORATION	24		24
DEPARTMENT OF ECONOMIC DEVELOPMENT	37		37
DEPARTMENT OF THE ARTS	498	471	27
TOTAL COMMERCE	559	471	88
EDUCATION AND HUMANITIES			
OFFICE OF THE SECRETARY	106	105	1
KENTUCKY HERITAGE COUNCIL	633	485	148
GOVERNOR'S COUNCIL ON VOCATIONAL EDUCATION	120	99	21
DEPARTMENT FOR THE BLIND	3,892	3,723	169
EDUCATION - LOCAL SERVICES	32	31	1
EDUCATION - EXCEPTIONAL CHILDREN	21,834	20,942	892
EDUCATION - INSTRUCTIONAL SERVICES	76,785	68,635	8,150
EDUCATION - GENERAL ADMINISTRATION	82,300	78,614	3,686
EDUCATION - ADMINISTRATIVE SERVICES AND BUDGET MANAGEMENT	2,228	1,906	322
EDUCATION - VOCATIONAL EDUCATION	20,124	18,947	1,177
EDUCATION - REHABILITATIVE SERVICES	21,261	20,850	411
KENTUCKY EDUCATIONAL TELEVISION	250		250
KENTUCKY HISTORICAL SOCIETY	4	1	3
DEPARTMENT FOR LIBRARIES AND ARCHIVES	2,450	1,735	715
TOTAL EDUCATION AND HUMANITIES	232,019	216,073	15,946
ENERGY			
MANAGEMENT	1,262	1,027	235
TOTAL ENERGY	1,262	1,027	235

	Budget	Actual	Variance favorable (unfavorable)
HUMAN RESOURCES			
OFFICE OF EXECUTIVE POLICY AND SUPPORT	16,819	15,845	974
DEPARTMENT FOR MENTAL HEALTH AND MENTAL HEALTH RETARDATION SERVICES	8,806	6,854	1,952
COMMISSION FOR HEALTH ECONOMIC CONTROL IN KENTUCKY	222	221	1
DEPARTMENT FOR HEALTH SERVICES	67,451	59,075	8,376
CERTIFICATE OF NEED AUTHORITY	30	30	
COMMISSION FOR HANDICAPPED CHILDREN	3,250	3,219	31
DEPARTMENT FOR EMPLOYMENT SERVICES - ADMINISTRATION	17,693	14,932	2,761
DEPARTMENT FOR EMPLOYMENT SERVICES - PROGRAMS	118,864	85,875	32,989
DEPARTMENT FOR SOCIAL INSURANCE - ADMINISTRATION	57,702	49,303	8,399
DEPARTMENT FOR SOCIAL INSURANCE - BENEFITS	122,819	118,175	4,644
DEPARTMENT FOR MEDICAID SERVICES - ADMINISTRATION	16,835	13,315	3,520
DEPARTMENT FOR MEDICAID SERVICES - BENEFITS	464,483	426,754	37,729
DEPARTMENT FOR SOCIAL SERVICES	76,814	72,304	4,510
TOTAL HUMAN RESOURCES	971,788	865,902	105,886
JUSTICE			
DEPARTMENT OF ADMINISTRATION	3,968	914	3,054
DEPARTMENT OF STATE POLICE	5,121	2,551	2,570
TOTAL JUSTICE	9,089	3,465	5,624
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION			
OFFICE OF THE SECRETARY	1,434	1,320	114
ENVIRONMENTAL QUALITY COMMISSION	2	2	
KENTUCKY NATURE PRESERVES COMMISSION	106	53	53
DEPARTMENT FOR ENVIRONMENTAL PROTECTION	6,742	5,868	874
DEPARTMENT FOR NATURAL RESOURCES	4,372	2,708	1,664
DEPARTMENT FOR SURFACE MINING RECLAMATION AND ENFORCEMENT	11,525	7,116	4,409
TOTAL NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	24,181	17,067	7,114
CORRECTIONS			
FEDERAL AND AGENCY ACCOUNTS	494	422	72
TOTAL CORRECTIONS	494	422	72
PUBLIC PROTECTION AND REGULATION			
BOARD OF CLAIMS AND CRIME VICTIMS COMPENSATION	219	149	70
PUBLIC SERVICE COMMISSION	173	149	24
DEPARTMENT OF PUBLIC ADVOCACY	405	348	57
DEPARTMENT OF HOUSING, BUILDING, AND CONSTRUCTION	25	17	8
DEPARTMENT OF INSURANCE	163	120	43
DEPARTMENT OF MINES AND MINERALS	792	792	
KENTUCKY OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION	290	251	39
DEPARTMENT OF WORKPLACE STANDARDS	3,781	3,414	367
TOTAL PUBLIC PROTECTION AND REGULATION	5,848	5,240	608
TRANSPORTATION			
AIR	12	10	2
RAIL	237	71	166
PUBLIC	6,226	2,566	3,660
HIGHWAYS	260,280	226,402	33,878
TOTAL TRANSPORTATION	266,755	229,049	37,706
TOTAL EXPENDITURES	1,559,882	1,372,531	187,351
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$	\$ (6,018)	\$

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (BUDGETARY BASIS)
BUDGETARY TRUST AND AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

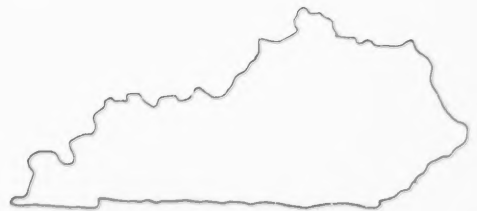
	Budget	Actual	Variance favorable (unfavorable)
REVENUES:			
TAXES	\$	\$ 311,856	\$
LICENSES, FEES, AND PERMITS		23,838	
INTERGOVERNMENTAL		17,700	
CHARGES FOR SERVICES		537,000	
FINES AND FORFEITS		6,369	
INTEREST AND OTHER INVESTMENT INCOME		40,948	
OTHER REVENUE		323,015	
TOTAL REVENUES		1,260,726	
EXPENDITURES:			
GENERAL GOVERNMENT			
GOVERNOR'S OFFICE	66	16	50
GOVERNOR'S OFFICE FOR PROGRAM ADMINISTRATION	50	50	
CAMPBELL COUNTY FEES	1,085	1,334	(249)
DAVISS COUNTY FEES	1,126	1,426	(300)
FAYETTE COUNTY FEES	3,578	3,859	(281)
JEFFERSON COUNTY FEES	11,105	11,796	(691)
KENTON COUNTY FEES	1,906	2,102	(196)
PIKE COUNTY FEES	1,347	1,152	195
UNIFIED PROSECUTORIAL SYSTEM	13		13
DEPARTMENT OF AGRICULTURE	722	495	227
OFFICE OF THE ATTORNEY GENERAL	2,807	2,403	404
AUDITOR OF PUBLIC ACCOUNTS	1,167	1,133	34
MILITARY AFFAIRS - DISASTER AND EMERGENCY SERVICES	100	46	54
MILITARY AFFAIRS - GENERAL OPERATIONS	894	722	172
KENTUCKY RETIREMENT SYSTEMS	2,410	2,408	2
SECRETARY OF THE CABINET	87	53	34
DEPARTMENT FOR LOCAL GOVERNMENT	1,894	458	1,436
DEPARTMENT OF THE TREASURY	216	95	121
BOARD OF ACCOUNTANCY	273	252	21
BOARD OF AUCTIONEERS	122	113	9
BOARD OF BARBERING	113	109	4
BOARD OF CHIROPRACTIC EXAMINERS	45	44	1
BOARD OF DENTISTRY	184	174	10
BOARD OF ELECTIONS	150	129	21
BOARD OF EMBALMERS AND FUNERAL HOME DIRECTORS	102	98	4
BOARD OF EXAMINERS AND REGISTRATION OF ARCHITECTS	82	76	6
BOARD OF EXAMINERS AND REGISTRATION OF LANDSCAPE ARCHITECTS	13	13	
BOARD OF EXAMINERS OF PSYCHOLOGISTS	42	42	
BOARD OF SOCIAL WORKERS	41	37	4
BOARD OF HAIRDRESSERS AND COSMETOLOGISTS	547	366	181
BOARD OF LICENSING HEARING AID DEALERS AND FITTERS	13	12	1
BOARD OF LICENSURE FOR NURSING HOME ADMINISTRATORS	45	44	1
BOARD OF MEDICAL LICENSURE	657	601	56
BOARD OF NURSING	946	887	59
BOARD OF OPHTHALMIC DISPENSERS	12	6	6
BOARD OF OPTOMETRIC EXAMINERS	52	52	
BOARD OF OCCUPATIONAL THERAPY	1	1	
PERSONNEL BOARD	10	3	7
BOARD OF PHARMACY	288	262	26
BOARD OF PHYSICAL THERAPISTS	56	53	3
BOARD OF PODIATRY	4	3	1
BOARD OF PROPRIETARY EDUCATION	80	78	2
BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS	299	292	7
BOARD OF SPEECH PATHOLOGY AND AUDIOLOGY	23	22	1
BOARD OF VETERINARY EXAMINERS	103	102	1
REAL ESTATE COMMISSION - EDUCATION	590	588	2
REAL ESTATE COMMISSION - OPERATIONS	710	625	85
COMMISSION ON WOMEN	1		1
COUNCIL ON HIGHER EDUCATION	234	221	13
KENTUCKY ATHLETICS COMMISSION	113	113	
DEPARTMENT OF PERSONNEL	9,977	9,340	637
EASTERN KENTUCKY UNIVERSITY	42,703	33,881	8,822
KENTUCKY STATE UNIVERSITY	12,347	8,655	3,692
MOREHEAD STATE UNIVERSITY	20,862	20,532	330

	Budget	Actual	Variance favorable (unfavorable)
MURRAY STATE UNIVERSITY	30,155	21,281	8,874
NORTHERN KENTUCKY UNIVERSITY	17,268	15,950	1,318
UNIVERSITY OF KENTUCKY	288,577	248,438	40,139
UNIVERSITY OF LOUISVILLE	95,214	41,093	54,121
WESTERN KENTUCKY UNIVERSITY	31,180	31,166	14
REVENUE CABINET - OFFICE OF ADMINISTRATION	38	16	22
REVENUE CABINET - DEPARTMENT OF PROCESSING AND ENFORCEMENT	844	580	264
REVENUE CABINET - DEPARTMENT OF PROPERTY TAXATION	1,356	989	367
REVENUE CABINET - OFFICE OF PROPERTY VALUATION ADMINISTRATORS	3,881	1,066	2,815
FINANCE AND ADMINISTRATION - OFFICE OF THE SECRETARY	1,119	602	517
OFFICE OF HISTORIC PROPERTIES	25	21	4
OFFICE OF SOCIAL SECURITY	379	318	61
CAPITAL PLAZA AUTHORITY	1,740	628	1,112
KENTUCKY EMPLOYEES DEFERRED COMPENSATION SYSTEM	258	223	35
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY	18,317	17,465	852
KENTUCKY REINSURANCE ASSOCIATION	74,972	66,326	8,646
DEPARTMENT FOR ADMINISTRATION	373	220	153
CENTRAL STORES	4,283	4,231	52
CENTRAL PRINTING	3,775	3,722	53
OFFICE OF GOVERNMENTAL SERVICES CENTER	973	903	70
DEPARTMENT FOR FACILITIES MANAGEMENT	28	21	7
TELECOMMUNICATIONS	14,204	11,421	2,783
PROPERTY MANAGEMENT	10,518	9,205	1,313
DEPARTMENT OF INFORMATION SYSTEMS	24,648	23,928	720
TOTAL GENERAL GOVERNMENT	746,538	607,187	139,351
LEGISLATIVE AND JUDICIAL			
LEGISLATIVE RESEARCH COMMISSION	100	10	90
COURT OF JUSTICE	1		1
TOTAL LEGISLATIVE AND JUDICIAL	101	10	91
COMMERCE			
COMMERCE - OFFICE OF THE SECRETARY	300	117	183
DEPARTMENT OF ECONOMIC DEVELOPMENT	432	299	133
DEPARTMENT OF THE ARTS	279	263	16
KENTUCKY DEVELOPMENT FINANCE AUTHORITY	622	533	89
DEPARTMENT OF FISH AND WILDLIFE RESOURCES	13,898	13,376	322
DEPARTMENT OF TRAVEL DEVELOPMENT	21		21
KENTUCKY STATE FAIR BOARD	14,770	14,678	92
KENTUCKY HORSE PARK	3,179	3,159	20
DEPARTMENT OF PARKS	31,370	29,456	1,914
TOBACCO RESEARCH BOARD	16		16
TOTAL COMMERCE	64,887	62,081	2,806
EDUCATION AND HUMANITIES			
KENTUCKY ORAL HISTORY COMMISSION	1		1
KENTUCKY HERITAGE COUNCIL	1		1
DEPARTMENT FOR THE BLIND	459	323	136
INDUSTRIES FOR THE BLIND	1,553	1,201	352
EDUCATION - LOCAL SERVICES	5		5
EDUCATION - INSTRUCTIONAL SERVICES	487	401	86
EDUCATION - VOCATIONAL EDUCATION	20,369	19,006	1,363
EDUCATION - VOCATIONAL REHABILITATION	400	381	19
EDUCATION - GENERAL ADMINISTRATION	2,232	2,190	42
EDUCATION - EXCEPTIONAL CHILDREN	409	231	178
EDUCATION - ADMINISTRATIVE SERVICES AND BUDGET MANAGEMENT	154	146	8
KENTUCKY EDUCATIONAL TELEVISION	150	112	38
KENTUCKY HISTORICAL SOCIETY	325	270	55
LIBRARIES AND ARCHIVES	1,004	888	116
TEACHERS' RETIREMENT SYSTEM	1,942	1,921	21
TOTAL EDUCATION AND HUMANITIES	29,491	27,070	2,421
ENERGY			
MANAGEMENT	894	778	116
TOTAL ENERGY	894	778	116

	Budget	Actual	Variance favorable (unfavorable)
HUMAN RESOURCES			
OFFICE OF EXECUTIVE POLICY AND SUPPORT	6,527	5,973	554
DEPARTMENT FOR MENTAL HEALTH AND MENTAL RETARDATION SERVICES	40,070	39,542	528
COMMISSION FOR HEALTH ECONOMIC CONTROL IN KENTUCKY	218	204	14
DEPARTMENT FOR HEALTH SERVICES	2,899	2,744	155
COMMISSION FOR HANDICAPPED CHILDREN	588	397	191
DEPARTMENT FOR EMPLOYMENT SERVICES	176,732	174,882	1,850
DEPARTMENT FOR SOCIAL INSURANCE - ADMINISTRATION	6,209	5,769	440
DEPARTMENT FOR SOCIAL INSURANCE - BENEFITS	2,331	2,274	57
DEPARTMENT FOR SOCIAL SERVICES	8,640	5,613	3,027
TOTAL HUMAN RESOURCES	244,214	237,398	6,816
JUSTICE			
DEPARTMENT OF ADMINISTRATION	841	480	361
DEPARTMENT OF STATE POLICE	1,680	1,500	180
DEPARTMENT OF TRAINING	9,031	8,177	854
TOTAL JUSTICE	11,552	10,157	1,395
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION			
OFFICE OF THE SECRETARY	209	207	2
KENTUCKY NATURE PRESERVES COMMISSION	68	8	60
DEPARTMENT FOR ENVIRONMENTAL PROTECTION	1,243	1,143	100
DEPARTMENT FOR NATURAL RESOURCES	6,150	5,015	1,135
DEPARTMENT FOR SURFACE MINING RECLAMATION AND ENFORCEMENT	274	88	186
TOTAL NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	7,944	6,461	1,483
CORRECTIONS			
FEDERAL AND AGENCY ACCOUNTS	1,392	737	655
PRISON INDUSTRIES	9,920	9,247	673
TOTAL CORRECTIONS	11,312	9,984	1,328
PUBLIC PROTECTION AND REGULATION			
BOARD OF CLAIMS AND CRIME VICTIMS COMPENSATION	468	459	9
BACKSIDE IMPROVEMENT COMMISSION	870	811	59
KENTUCKY HARNESS RACING COMMISSION	1,217	954	263
PUBLIC SERVICE COMMISSION	23	23	
KENTUCKY STATE RACING COMMISSION	3,798	3,306	492
DEPARTMENT OF PUBLIC ADVOCACY	201	201	
ALCOHOLIC BEVERAGE CONTROL	3		3
DEPARTMENT FOR FINANCIAL INSTITUTIONS	3,462	3,344	118
DEPARTMENT FOR HOUSING, BUILDING, AND CONSTRUCTION	12,380	11,267	1,113
DEPARTMENT OF INSURANCE	4,823	4,057	766
DEPARTMENT OF MINES AND MINERALS	1,109	254	855
LABOR CABINET - OFFICE OF THE SECRETARY	2,197	1,886	311
WORKERS CLAIMS	78,605	72,777	5,828
TOTAL PUBLIC PROTECTION AND REGULATION	109,156	99,339	9,817
TRANSPORTATION			
OFFICE OF THE SECRETARY - AIR TRANSPORTATION	539	85	454
DEPARTMENT OF HIGHWAYS - MASS TRANSPORTATION DEVELOPMENT	1,505	197	1,308
DEVELOPMENT OF VEHICLE REGULATION - MOTOR VEHICLE COMMISSION	577	543	34
TOTAL TRANSPORTATION	2,621	825	1,796
TOTAL EXPENDITURES	1,228,710	1,061,290	167,420
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$	\$ 199,436	\$

Debt Service Fund

The Debt Service Fund accounts for payment of principal, interest, and administrative fees due on general long-term debt issues of the Commonwealth, and for the accumulation of financial resources used to make such payments.



COMMONWEALTH OF KENTUCKY
BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 1987
(Expressed in Thousands)

	June 30, 1987	June 30, 1986
<u>ASSETS</u>		
CASH AND CASH EQUIVALENTS	\$ 74,974	\$ 105,236
CASH WITH FISCAL AGENTS	60,660	86,073
INVESTMENTS, NET OF AMORTIZATION	244,934	12,926
RECEIVABLES, NET	995	1,325
INTERFUND RECEIVABLES	25,461	14,866
TOTAL ASSETS	<u>\$ 407,024</u>	<u>\$ 220,426</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
ACCOUNTS PAYABLE	\$ 87,399	\$ 26,379
DEFERRED REVENUE	15,514	223
TOTAL LIABILITIES	<u>102,913</u>	<u>26,602</u>
FUND BALANCE:		
RESERVED FOR:		
REVENUE BOND RETIREMENT	235,065	103,996
UNRESERVED:		
DESIGNATED FOR DEBT SERVICE	69,046	89,828
TOTAL FUND BALANCE	<u>304,111</u>	<u>193,824</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 407,024</u>	<u>\$ 220,426</u>

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	June 30, 1987	For The Year Ended June 30, 1986
REVENUES:		
INTEREST AND OTHER INVESTMENT INCOME	\$ 16,743	\$ 23,070
OTHER REVENUES	17,588	27,994
TOTAL REVENUES	<u>34,331</u>	<u>51,064</u>
EXPENDITURES:		
PRINCIPAL RETIREMENT	87,826	66,659
INTEREST AND FISCAL CHARGES	135,468	278,178
OTHER EXPENDITURES	40,172	50
TOTAL EXPENDITURES	<u>263,466</u>	<u>344,887</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(229,135)</u>	<u>(293,823)</u>
OTHER FINANCING SOURCES (USES):		
OPERATING TRANSFERS IN - GENERAL FUND	14,877	16,703
OPERATING TRANSFERS IN - CAPITAL PROJECTS FUND	287	2,027
OPERATING TRANSFERS IN - TRANSPORTATION FUND	124,450	100,282
OPERATING TRANSFERS IN - FEDERAL FUND	1,312	479
OPERATING TRANSFERS IN - AGENCY FUND	42,960	39,592
OPERATING TRANSFERS IN - OTHER SPECIAL REVENUE FUND	30,487	9,506
OPERATING TRANSFERS IN - STATE FAIR BOARD FUND	338	300
OPERATING TRANSFER OUT - OTHER SPECIAL REVENUE FUND		(15,029)
PROCEEDS FROM SALE OF BONDS:		
NEW ISSUES	55,000	207,824
REFUNDING ISSUES	828,129	
PAYMENTS TO REFUNDED BOND ESCROW AGENT	(758,418)	
TOTAL OTHER FINANCING SOURCES (USES)	<u>339,422</u>	<u>361,684</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>110,287</u>	<u>67,861</u>
FUND BALANCE AT JULY 1	<u>193,824</u>	<u>125,963</u>
FUND BALANCE AT JUNE 30	<u>\$ 304,111</u>	<u>\$ 193,824</u>

Capital Projects Fund

The Capital Projects Fund accounts for financial resources appropriated by the General Assembly for the acquisition, construction, or renovation of major capital facilities, and for the acquisition of major equipment, other than those financed by proprietary funds, certain trust funds, and university and college funds.



COMMONWEALTH OF KENTUCKY
BALANCE SHEET
CAPITAL PROJECTS FUND
JUNE 30, 1987
(Expressed in Thousands)

	June 30, 1987	June 30, 1986
<u>ASSETS</u>		
CASH AND CASH EQUIVALENTS	\$ 58,634	\$ 44,264
INVESTMENTS, NET OF AMORTIZATION	15,000	40,063
RECEIVABLES, NET	7,956	6,828
INTERFUND RECEIVABLES	1,693	1,428
ADVANCES TO OTHER FUNDS	48	
TOTAL ASSETS	<u>\$ 83,331</u>	<u>\$ 92,583</u>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
ACCOUNTS PAYABLE	\$ 16,988	\$ 12,381
INTERFUND PAYABLES	1,644	2
DEFERRED REVENUE	1,949	1,917
TOTAL LIABILITIES	<u>20,581</u>	<u>14,300</u>
FUND BALANCE:		
RESERVED FOR:		
ENCUMBRANCES	51,375	11,291
CONTINUING APPROPRIATIONS	38,646	63,841
UNRESERVED:		
UNDESIGNATED	(27,271)	3,151
TOTAL FUND BALANCE	<u>62,750</u>	<u>78,283</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 83,331</u>	<u>\$ 92,583</u>

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	June 30, 1987	For The Year Ended June 30, 1986
REVENUES:		
INTERGOVERNMENTAL	\$ 26,226	\$ 31,034
INTEREST AND OTHER INVESTMENT INCOME	10,162	9,829
OTHER REVENUE	58	164
TOTAL REVENUES	<u>36,446</u>	<u>41,027</u>
EXPENDITURES:		
CAPITAL OUTLAY:		
GENERAL GOVERNMENT	9,962	9,299
COMMERCE	40,242	39,294
EDUCATION AND HUMANITIES	2,056	3,528
ENERGY	14	100
HUMAN RESOURCES	9,660	8,440
JUSTICE	494	39
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	27,015	30,338
CORRECTIONS	14,090	6,334
PUBLIC PROTECTION AND REGULATION	497	35
TRANSPORTATION	2,201	760
TOTAL EXPENDITURES	<u>106,231</u>	<u>94,167</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(69,785)</u>	<u>(53,070)</u>
OTHER FINANCING SOURCES (USES):		
OPERATING TRANSFERS IN	12,276	15,709
OPERATING TRANSFERS OUT	(3,584)	(6,158)
PROCEEDS FROM SALE OF BONDS - NEW ISSUES	47,596	35,561
TOTAL OTHER FINANCING SOURCES (USES)	<u>56,288</u>	<u>45,112</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(13,497)</u>	<u>(7,958)</u>
FUND BALANCE AT JULY 1	78,283	86,241
EQUITY TRANSFERS OUT	(2,036)	
FUND BALANCE AT JUNE 30	<u>\$ 62,750</u>	<u>\$ 78,283</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES AND EXPENDITURES BUDGET AND ACTUAL (BUDGETARY BASIS)
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Budget	Actual	Variance favorable (unfavorable)
REVENUES:			
INTERGOVERNMENTAL	\$	\$ 34,581	\$
CHARGES FOR SERVICES		14,501	
INTEREST AND OTHER INVESTMENT INCOME		246,908	
OTHER REVENUE		286,090	
TOTAL REVENUES			
EXPENDITURES:			
GENERAL GOVERNMENT			
DEPARTMENT OF AGRICULTURE	110	83	27
MILITARY AFFAIRS	3,301	8,071	2,430
GOVERNOR'S OFFICE FOR POLICY AND MANAGEMENT	1,513		3,315
SECRETARY OF STATE	81	54	7
SCHOOL FACILITIES CONSTRUCTION COMMISSION	3,324	463	861
EASTERN KENTUCKY UNIVERSITY	3,882	1,312	2,570
KENTUCKY STATE UNIVERSITY	11,012	8,793	7,219
MOREHEAD STATE UNIVERSITY	2,974	1,918	1,058
MURRAY STATE UNIVERSITY	2,148	862	1,286
NORTHERN KENTUCKY UNIVERSITY	2,390	778	1,617
UNIVERSITY OF KENTUCKY	81,846	43,686	18,160
UNIVERSITY OF LOUISVILLE	1,360	720	640
WESTERN KENTUCKY UNIVERSITY	2,763	492	2,373
FINANCE AND ADMINISTRATION - OFFICE OF THE SECRETARY	2,427	1,800	627
DEPARTMENT FOR ADMINISTRATION	128	127	1
DEPARTMENT FOR FACILITIES MANAGEMENT	10,312	2,879	7,433
DEPARTMENT OF INFORMATION SYSTEMS	14,977	10,895	4,882
APPROPRIATIONS NOT OTHERWISE CLASSIFIED	58		58
TOTAL GENERAL GOVERNMENT	126,795	72,131	54,664
COMMERCE			
COMMERCE - OFFICE OF THE SECRETARY	43,279	33,917	10,262
DEPARTMENT OF FISH AND WILDLIFE RESOURCES	954	254	700
DEPARTMENT OF TRAVEL DEVELOPMENT	40		40
KENTUCKY STATE FAIR BOARD	4,640	3,416	1,224
KENTUCKY HORSE PARK	2,254	995	1,259
DEPARTMENT OF PARKS	7,966	3,817	4,149
TOTAL COMMERCE	58,133	41,499	17,634
EDUCATION AND HUMANITIES			
EDUCATION	2,985	1,430	1,555
KENTUCKY EDUCATIONAL TELEVISION	805	554	251
LIBRARIES AND ARCHIVES	20	4	16
TOTAL EDUCATION AND HUMANITIES	3,810	1,988	1,822
ENERGY			
OFFICE OF ADMINISTRATION	33	14	9
DEPARTMENT OF RESEARCH AND DEVELOPMENT	431		431
TOTAL ENERGY	474	14	460
HUMAN RESOURCES			
OFFICE OF ADMINISTRATIVE SERVICES	11,736	4,856	6,880
DEPARTMENT FOR MENTAL HEALTH AND MENTAL RETARDATION			
SERVICES	9,350	3,599	5,751
DEPARTMENT FOR SOCIAL SERVICES	1,518	766	752
TOTAL HUMAN RESOURCES	23,604	9,221	13,383

	Budget	Actual	Variance favorable (unfavorable)
JUSTICE			
DEPARTMENT OF STATE POLICE	1,731	493	1,238
TOTAL JUSTICE	1,731	493	1,238
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION			
OFFICE OF THE SECRETARY	159	158	1
DEPARTMENT FOR ENVIRONMENTAL PROTECTION	2,959	2,102	857
DEPARTMENT FOR NATURAL RESOURCES	95,732	23,026	72,706
TOTAL NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	98,850	25,286	73,564
CORRECTIONS			
DEPARTMENT OF ADULT INSTITUTIONS	57,855	13,680	44,175
TOTAL CORRECTIONS	57,855	13,680	44,175
PUBLIC PROTECTION AND REGULATION			
PUBLIC SERVICE COMMISSION	101	101	
DEPARTMENT OF INSURANCE	337	316	21
WORKERS CLAIMS	83	81	2
TOTAL PUBLIC PROTECTION AND REGULATION	521	498	23
TRANSPORTATION			
DEPARTMENT OF ADMINISTRATIVE SERVICES	2,201	2,201	
TOTAL TRANSPORTATION	2,201	2,201	
TOTAL EXPENDITURES	373,974	167,011	206,963
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$	\$ 119,079	\$

Enterprise Funds

The **Enterprise Funds-State** account for the Commonwealth's on-going operations that are similar to private business, when the intent is that the costs of providing goods and services to the general public will be financed primarily through customer charges. Kentucky uses the following Enterprise Funds-State:

State Parks Fund—accounts for revenues earned and expenses incurred in the commercial operations of the Department of Parks.

State Fair Board Fund—accounts for revenues earned and expenses incurred in the commercial operations of the State Fair Board.

Industries for the Blind Fund—accounts for revenues earned and expenses incurred in the commercial operations of the Department for the Blind.

State Horse Park Fund—accounts for revenues earned and expenses incurred in the commercial operations of the Kentucky Horse Park.

Enterprise Funds

The **Enterprise Funds-Public Benefit Corporations** are those public corporations empowered by the Kentucky Revised Statutes (KRS) to provide certain services to the citizens of Kentucky. These organizations are not agencies of the Commonwealth, and, except for the Kentucky Center for the Arts, receive no State tax monies, nor is their debt a liability of the Commonwealth. Generally accepted accounting principles, however, require that they be included as part of Kentucky's financial reporting entity. Therefore, based on the criteria established by the Governmental Accounting Standards Board in their Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, the following organizations are included in this report:

Kentucky Center for the Arts—established by the General Assembly to promote the growth and development of the arts, convention trade, tourism and hotel industries within Jefferson County and the Commonwealth. The Center has the responsibility of maintaining, operating and insuring the Kentucky Center for the Arts building.

Kentucky Agricultural Finance Corporation—created by the 1984 General Assembly to “improve and promote the health, welfare and prosperity of the people of the Commonwealth through the stimulation of existing agricultural ventures”. This corporation helps banks and other financial institutions assist eligible farmers in receiving low interest loans through the issuance of tax-exempt agricultural revenue bonds.

Kentucky Development Finance Authority—established in 1958 under KRS Chapter 154 to promote industrial development, and authorized to issue industrial revenue bonds that do not constitute a legal or moral obligation of the Commonwealth.

Kentucky Higher Education Student Loan Corporation—empowered by KRS Chapter 164A to make and reinsure student loans with the United States of America, pursuant to the Federal Higher Education Act of 1965.

Kentucky Housing Corporation—authorized under KRS Chapter 198A in 1972 to increase the supply of housing for persons of lower income by making and participating in insured construction loans, and making or participating in insured mortgage loans when financing is not available from private lenders under reasonably equivalent terms and conditions.

Kentucky Local Correctional Facilities Construction Authority—created in 1982 pursuant to Sections 441.605 through 441.695 of the KRS to provide an additional and alternative method for constructing, improving, repairing and financing regional and local jail facilities.

Kentucky Pollution Abatement and Water Resources Finance Authority—established in 1972 under KRS Chapter 224A to issue debt and make repayable grants to local government units for assistance in construction of wastewater treatment facilities for the abatement of water pollution in the Commonwealth.



COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
ENTERPRISE FUNDS - STATE AND PUBLIC BENEFIT CORPORATIONS
June 30, 1987
(Expressed in Thousands)

	Enterprise-State				Subtotal
	State Parks	State Fair Board	Industries For The Blind	Horse Park	
<u>ASSETS</u>					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 13,126	\$ 2,099	\$ 60	\$ 498	\$ 15,783
CASH WITH FISCAL AGENTS	10,668				10,668
INVESTMENTS, NET OF AMORTIZATION					
RECEIVABLES, NET	546	978	207	88	1,819
INTERFUND RECEIVABLES	9	17	2		28
INVENTORIES	2,964	100	185	419	3,668
PREPAID EXPENSES	37	315		6	358
OTHER ASSETS					
TOTAL CURRENT ASSETS	27,350	3,509	454	1,011	32,324
OTHER ASSETS:					
LONG-TERM INVESTMENTS					
LONG-TERM RECEIVABLES					
DEFERRED CHARGES					
RESTRICTED ASSETS					
TOTAL OTHER ASSETS					
FIXED ASSETS:					
LAND	9,173	10,992	50	2,854	23,169
IMPROVEMENTS OTHER THAN BUILDINGS	32,604			13,668	46,272
BUILDINGS	53,286	105,080	988	9,439	168,793
MACHINERY AND EQUIPMENT	14,161	4,106	254	2,858	21,379
CONSTRUCTION IN PROGRESS	1,788				1,788
LESS ACCUMULATED DEPRECIATION	(45,528)	(26,835)	(550)	(10,201)	(83,114)
TOTAL FIXED ASSETS, NET	65,484	93,343	742	18,718	178,287
TOTAL ASSETS	\$ 92,834	\$ 96,852	\$ 1,196	\$ 19,729	\$ 210,611
<u>LIABILITIES AND FUND EQUITY</u>					
LIABILITIES:					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE	\$ 3,290	\$ 852	\$ 99	\$ 198	\$ 4,439
INTERFUND PAYABLES	1,139	1,913		26	3,078
ADVANCES FROM OTHER FUNDS		48			48
CURRENT PORTION OF CAPITAL LEASE OBLIGATIONS	358	33	1		392
CURRENT PORTION OF LONG-TERM DEBT	1,062				1,062
CURRENT PORTION OF COMPENSATED ABSENCES	801	214	44	65	1,124
DEFERRED REVENUE	1,022	720			1,742
OTHER LIABILITIES					
TOTAL CURRENT LIABILITIES	7,672	3,780	144	289	11,885
LONG-TERM LIABILITIES:					
CAPITAL LEASE OBLIGATIONS	191	20			211
NOTES PAYABLE					
BONDS PAYABLE	7,518				7,518
COMPENSATED ABSENCES	949	184	35	46	1,214
TOTAL LONG-TERM LIABILITIES	8,658	204	35	46	8,943
TOTAL LIABILITIES	16,330	3,984	179	335	20,828
FUND EQUITY:					
CONTRIBUTED CAPITAL		63,602		18,280	81,882
RETAINED EARNINGS:					
RESERVE FOR:					
REVENUE BOND RETIREMENT	12,180				12,180
UNRESERVED	64,324	29,266	1,017	1,114	95,721
TOTAL FUND EQUITY	76,504	92,868	1,017	19,394	189,783
TOTAL LIABILITIES AND FUND EQUITY	\$ 92,834	\$ 96,852	\$ 1,196	\$ 19,729	\$ 210,611

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS - STATE AND PUBLIC BENEFIT CORPORATIONS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Enterprise-State				Subtotal
	State Parks	State Fair Board	Industries For The Blind	Horse Park	
OPERATING REVENUES:					
CHARGES FOR SERVICES	\$ 29,685	\$ 14,956	\$ 1,266	\$ 3,128	\$ 49,035
INTEREST AND INVESTMENT INCOME					
OTHER REVENUE	41	5			46
TOTAL OPERATING REVENUES	<u>29,726</u>	<u>14,961</u>	<u>1,266</u>	<u>3,128</u>	<u>49,081</u>
OPERATING EXPENSES:					
PERSONAL SERVICES	25,374	7,660	878	2,079	35,991
UTILITIES, RENTALS, AND OTHER SERVICES	7,367	4,950	102	730	13,149
COMMODITIES AND SUPPLIES	13,353	2,125	655	813	16,946
GRANTS AND SUBSIDIES	31	604			635
DEPRECIATION AND AMORTIZATION	3,443	3,048	42	1,769	8,302
INTEREST					
TRAVEL	212	80	5	16	313
OTHER EXPENSES					
TOTAL OPERATING EXPENSES	<u>49,780</u>	<u>18,467</u>	<u>1,682</u>	<u>5,407</u>	<u>75,336</u>
OPERATING INCOME (LOSS)	<u>(20,054)</u>	<u>(3,506)</u>	<u>(416)</u>	<u>(2,279)</u>	<u>(26,255)</u>
NONOPERATING REVENUES (EXPENSES):					
INTERGOVERNMENTAL REVENUES	740				740
GENERAL FUND APPROPRIATIONS					
GRANTS AND DONATIONS					
MEMBERSHIP REVENUE					
KENTUCKY CENTER FOR THE ARTS ENDOWMENT					
OTHER REVENUE	361				361
GAIN (LOSS) ON SALE OF FIXED ASSETS	(297)	23	8	5	(261)
INTEREST AND OTHER INVESTMENT INCOME	746				746
INTEREST EXPENSE	(420)			(1)	(421)
JUDGEMENTS AND CONTINGENCIES	(16)	(4)		(2)	(22)
OTHER EXPENSES	(13)			(3)	(16)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,101</u>	<u>19</u>	<u>8</u>	<u>(1)</u>	<u>1,127</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS AND EXTRAORDINARY ITEM	<u>(18,953)</u>	<u>(3,487)</u>	<u>(408)</u>	<u>(2,280)</u>	<u>(25,128)</u>
OPERATING TRANSFERS IN	19,904	501	448	644	21,497
OPERATING TRANSFERS OUT	(10)	(848)		(1)	(859)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	<u>941</u>	<u>(3,834)</u>	<u>40</u>	<u>(1,637)</u>	<u>(4,490)</u>
EXTRAORDINARY LOSS ON DEFEASANCE					
NET INCOME (LOSS)	<u>941</u>	<u>(3,834)</u>	<u>40</u>	<u>(1,637)</u>	<u>(4,490)</u>
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CAPITAL GRANTS		2,675		1,668	4,343
INCREASE (DECREASE) IN RETAINED EARNINGS	<u>941</u>	<u>(1,159)</u>	<u>40</u>	<u>31</u>	<u>(147)</u>
RETAINED EARNINGS AT JULY 1	75,563	30,425	977	1,083	108,048
EQUITY TRANSFERS IN(OUT)					
RETAINED EARNINGS AT JUNE 30	<u>\$ 76,504</u>	<u>\$ 29,266</u>	<u>\$ 1,017</u>	<u>\$ 1,114</u>	<u>\$ 107,901</u>

Enterprise-Public Benefit Corporations							Subtotal	Totals For The Year Ended	
Kentucky Center For The Arts	Kentucky Agricultural Finance Authority	Kentucky Local Correctional Facilities Construction Authority	Kentucky Housing Corporation	Kentucky Pollution Abatement and Water Resources Finance Authority	Kentucky Higher Education Student Loan Corporation	Kentucky Development Finance Authority		June 30, 1987	June 30, 1986
\$ 2,039	\$ 6	\$ 4,099 1,636	\$ 3,990 75,604	\$ 5,574 901	\$ 34,713 122	\$ 110 3,965	\$ 10,244 121,492	\$ 59,279 121,492	\$ 57,446 123,175
2,039	6	5,735	80,495	5,607	34,835	4,168	132,885	181,966	181,456
1,950	2	196	389			335	2,863	38,804	37,776
404			3,224		2,003	6	5,637	18,786	16,653
287			101		92		480	17,426	17,804
		9,465	3,039				12,504	13,139	17,813
870		31	1,689	368	149		3,107	11,409	13,708
		3,212	60,353	5,000	31,450	2	100,017	100,017	94,898
	2					28	30	343	903
886			2,239	29		338	3,492	3,492	6,713
4,397	4	12,904	71,025	5,397	33,694	709	128,130	203,466	206,268
(2,358)	2	(7,169)	9,470	210	1,141	3,459	4,755	(21,500)	(24,812)
719							719	1,459	730
600							600	600	
153							153	153	213
181							181	181	165
213							213	213	325
								361	
54		38					92	(261)	91
(20)							(20)	838	1,038
								(441)	(483)
25							25	(22)	(270)
1,925		38					1,963	9	(9)
(433)	2	(7,131)	9,470	210	1,141	3,459	6,718	3,090	1,800
(433)	2	(7,131)	9,470	210	1,141	3,459	6,718	21,497	31,699
								(859)	(8,686)
		(4,489)						2,228	1
							(4,489)	(4,489)	
(433)	2	(11,620)	9,470	210	1,141	3,459	2,229	(2,261)	1
789							789	5,132	4,998
356	2	(11,620)	9,470	210	1,141	3,459	3,018	2,871	4,999
653	(1)	(3,258)	97,563	10,419	13,966	67,451	186,793	294,841	290,904
									(1,062)
\$ 1,009	\$ 1	\$ (14,878)	\$ 107,033	\$ 10,629	\$ 15,107	\$ 70,910	\$ 189,811	\$ 297,712	\$ 294,841

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ENTERPRISE FUNDS - STATE AND PUBLIC BENEFIT CORPORATIONS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Enterprise-State				Subtotal
	State Parks	State Fair Board	Industries For The Blind	Horse Park	
SOURCES OF WORKING CAPITAL:					
OPERATIONS:					
INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	\$ 941	\$ (3,834)	\$ 40	\$ (1,637)	\$ (4,490)
ITEMS NOT REQUIRING (PROVIDING) WORKING CAPITAL:					
DEPRECIATION AND AMORTIZATION	3,443	3,048	42	1,769	8,302
(GAIN) LOSS ON SALE OF FIXED ASSETS	297	(23)	(8)	(5)	261
OTHER ITEMS NOT REQUIRING (PROVIDING) WORKING CAPITAL					
WORKING CAPITAL PROVIDED BY OPERATIONS, EXCLUSIVE OF EXTRAORDINARY ITEM	4,681	(809)	74	127	4,073
EXTRAORDINARY LOSS ON DEFEASANCE					
WORKING CAPITAL PROVIDED BY OPERATIONS	4,681	(809)	74	127	4,073
PROCEEDS FROM SALE OF LONG-TERM INVESTMENTS					
PROCEEDS FROM SALE OF FIXED ASSETS	79	156	8	22	265
PROCEEDS FROM SALE OF BONDS AND NOTES					
DECREASE IN LONG-TERM RECEIVABLES					
INCREASE IN LONG-TERM CAPITAL LEASE OBLIGATIONS	144	10			154
INCREASE IN LONG-TERM COMPENSATED ABSENCES	741	220	48	57	1,066
INCREASE IN CONTRIBUTED CAPITAL		2,875		54	2,929
OTHER SOURCES OF WORKING CAPITAL					
TOTAL SOURCES OF WORKING CAPITAL	5,645	2,452	130	260	8,487
USES OF WORKING CAPITAL:					
INCREASE IN LONG-TERM RECEIVABLES					
ACQUISITION OF FIXED ASSETS	2,657	2,170	15	111	4,953
PAYMENT OF LONG-TERM CAPITAL LEASE OBLIGATIONS	453	7			460
PAYMENTS AND CURRENT MATURITIES OF LONG-TERM DEBT	1,062				1,062
DEFEASANCE OF LONG-TERM DEBT					
PAYMENT OF LONG-TERM COMPENSATED ABSENCES	829	236	44	65	1,174
PURCHASE OF LONG-TERM INVESTMENTS					
EQUITY TRANSFERS OUT					
OTHER USES OF WORKING CAPITAL					
TOTAL USES OF WORKING CAPITAL	5,001	2,413	59	176	7,649
NET INCREASE (DECREASE) IN WORKING CAPITAL	\$ 644	\$ 39	\$ 71	\$ 84	\$ 838
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:					
CASH AND CASH EQUIVALENTS	\$ 2,599	\$ 1,835	\$ 1	\$ (184)	\$ 4,251
CASH WITH FISCAL AGENTS	(519)				(519)
INVESTMENTS, NET OF AMORTIZATION					
RECEIVABLES, NET	(13)	675	70	(11)	721
INTERFUND RECEIVABLES	(33)	(10)	2	(1)	(42)
INVENTORIES	71	18	40	213	342
PREPAID EXPENSES	2	124		(15)	111
OTHER ASSETS					
ACCOUNTS PAYABLE	(361)	(406)	(49)	(11)	(827)
INTERFUND PAYABLES	(812)	(1,871)	1	6	(2,676)
ADVANCES FROM OTHER FUNDS		(48)			(48)
DEFERRED REVENUE	(67)	(204)	8	103	(160)
CURRENT PORTION OF CAPITAL LEASE OBLIGATIONS	(11)	(10)	(1)	2	(20)
CURRENT PORTION OF LONG-TERM DEBT	(45)				(45)
CURRENT PORTION OF COMPENSATED ABSENCES	(167)	(64)	(1)	(18)	(250)
OTHER LIABILITIES					
NET INCREASE (DECREASE) IN WORKING CAPITAL	\$ 644	\$ 39	\$ 71	\$ 84	\$ 838

Enterprise-Public Benefit Corporations							Subtotal	Totals For The Year Ended	
Kentucky Center For The Arts	Kentucky Agricultural Finance Authority	Kentucky Local Correctional Facilities Construction Authority	Kentucky Housing Corporation	Kentucky Pollution Abatement and Water Resources Finance Authority	Kentucky Higher Education Student Loan Corporation	Kentucky Development Finance Authority		June 30, 1987	June 30, 1986
\$ (433)	\$ 2	\$ (7,131)	\$ 9,470	\$ 210	\$ 1,141	\$ 3,459	\$ 6,718	\$ 2,228	\$ 1
870		(7)	1,329	168	1,211		3,771	12,073	13,708
			360				360	261	(91)
437	2	(7,138)	11,159	578	2,352	3,459	10,849	14,922	13,740
437	2	(4,489)					(4,489)	(4,489)	
		(11,627)	11,159	578	2,352	3,459	6,360	10,433	13,740
			204,322				204,322	204,322	647
		38,545	1,200	15,000	74,757		129,502	129,502	330,702
				1,896	11,499		13,395	13,395	13,728
								154	500
								1,066	433
								2,929	
437	2		1,279				1,279	1,279	25,161
		26,918	217,960	17,474	88,608	3,459	354,858	363,345	385,078
		4,559				4,072	8,631	8,631	22,569
143			1,305				1,448	6,401	4,159
84		1,661	42,764	2,218	68,490	8	115,225	116,287	177,229
		25,025					25,025	25,025	
			204,899				204,899	204,899	926
								1,174	72,077
	3			585			588	588	1,062
227	3	31,245	248,968	2,803	68,490	4,080	355,816	363,465	5,145
\$ 210	\$ (1)	\$ (4,327)	\$ (31,008)	\$ 14,671	\$ 20,118	\$ (621)	\$ (958)	\$ (120)	\$ 101,720
\$ 522	\$ (7)	\$ (27,054)	\$ (1,233)	\$ 36,839	\$ (23)	\$ (1,131)	\$ 7,913	\$ 12,164	\$ (13,756)
		145			487		632	113	607
		21,932	(26,612)		19,810	273	15,403	15,403	122,252
(26)		(167)	(685)		(288)	55	(1,111)	(390)	1,570
(1)							(1)	(42)	(134)
					(7)		341	328	
46			(20)				(7)	104	(86)
(227)	6	2,078	(1,060)	(1,573)	293	4	30	30	16
					(154)	(7)	(490)	(1,317)	(5,360)
(97)			(112)	552			(154)	(2,830)	(178)
(7)		(1,016)	(1,278)	(21,147)		89	432	(48)	
		(245)	(8)					272	(1,292)
						96	(23,352)	(20)	(225)
								(23,397)	(1,143)
								(250)	(874)
							(253)	(253)	(5)
\$ 210	\$ (1)	\$ (4,327)	\$ (31,008)	\$ 14,671	\$ 20,118	\$ (621)	\$ (958)	\$ (120)	\$ 101,720



*Lincoln Homestead
Springfield*

Internal Service Funds

Internal Service Funds account for the financing of goods and services provided on a cost reimbursement basis by one agency of the Commonwealth to other state agencies or governments. Kentucky uses the following Internal Service Funds:

Computer Services Fund—accounts for expenses incurred and reimbursements received by the Department of Information Systems for computer and related data processing services.

Central Stores Fund—accounts for expenses incurred and reimbursements received by the Finance and Administration Cabinet's Central Stores operation.

Telecommunications Fund—accounts for expenses incurred and reimbursements received by the Finance and Administration Cabinet's Division of Telecommunications for Kentucky Emergency Warning System, telephone, and other communication services.

Prison Industries Fund—accounts for expenses incurred and reimbursements received by the Correction Cabinet's industrial prison operations.

Central Printing Fund—accounts for expenses incurred and reimbursements received by the Finance and Administration Cabinet's Division of Printing.

Property Management Fund—accounts for expenses incurred and reimbursements received by the Finance and Administration Cabinet's space rental and maintenance operation.



COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 1987
(Expressed in Thousands)

	Computer Services	Central Stores	Telecom- munications
<u>ASSETS</u>			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$ 993	\$ 515	\$ 2,361
RECEIVABLES, NET	121	1	80
INTERFUND RECEIVABLES	79		65
INVENTORIES	148	725	
PREPAID EXPENSES	56		
TOTAL CURRENT ASSETS	<u>1,397</u>	<u>1,241</u>	<u>2,506</u>
FIXED ASSETS:			
LAND		40	
IMPROVEMENTS OTHER THAN BUILDINGS		3	356
BUILDINGS	5,360	530	1,543
MACHINERY AND EQUIPMENT	25,894	66	13,132
LESS ACCUMULATED DEPRECIATION	(13,305)	(280)	(7,548)
TOTAL FIXED ASSETS, NET	<u>17,949</u>	<u>359</u>	<u>7,483</u>
TOTAL ASSETS	<u>\$ 19,346</u>	<u>\$ 1,600</u>	<u>\$ 9,989</u>
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	\$ 1,004	\$ 67	\$ 577
INTERFUND PAYABLES	2		8
CURRENT PORTION OF CAPITAL LEASE OBLIGATIONS	5,775		84
CURRENT PORTION OF COMPENSATED ABSENCES	932	12	79
DEFERRED REVENUE	100		14
TOTAL CURRENT LIABILITIES	<u>7,813</u>	<u>79</u>	<u>762</u>
LONG-TERM LIABILITIES:			
CAPITAL LEASE OBLIGATIONS	6,930		343
COMPENSATED ABSENCES	643	14	61
TOTAL LONG-TERM LIABILITIES	<u>7,573</u>	<u>14</u>	<u>404</u>
TOTAL LIABILITIES	<u>15,386</u>	<u>93</u>	<u>1,166</u>
FUND EQUITY:			
RETAINED EARNINGS:			
UNRESERVED	3,960	1,507	8,823
TOTAL FUND EQUITY	<u>3,960</u>	<u>1,507</u>	<u>8,823</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 19,346</u>	<u>\$ 1,600</u>	<u>\$ 9,989</u>

Prison Industries	Central Printing	Property Management	Totals	
			June 30 1987	June 30 1986
\$ 1,066	\$ 250	\$ 6,236	\$ 11,421	\$ 14,439
344	181	635	1,362	2,480
327	46	623	1,140	429
3,433	511	127	4,944	3,562
			56	13
<u>5,170</u>	<u>988</u>	<u>7,621</u>	<u>18,923</u>	<u>20,923</u>
768		111	919	919
		11	370	370
2,639		475	10,547	10,497
4,744	1,270	929	46,035	37,037
(3,498)	(907)	(441)	(25,979)	(21,152)
<u>4,653</u>	<u>363</u>	<u>1,085</u>	<u>31,892</u>	<u>27,671</u>
\$ <u>9,823</u>	\$ <u>1,351</u>	\$ <u>8,706</u>	\$ <u>50,815</u>	\$ <u>48,594</u>
\$ 1,200	\$ 158	\$ 739	\$ 3,745	\$ 6,388
16		9	35	55
58	40		5,957	4,427
120	96	374	1,613	1,404
1,030			1,144	1,627
<u>2,424</u>	<u>294</u>	<u>1,122</u>	<u>12,494</u>	<u>13,901</u>
24	39		7,336	5,274
159	58	267	1,202	1,188
183	97	267	8,538	6,462
<u>2,607</u>	<u>391</u>	<u>1,389</u>	<u>21,032</u>	<u>20,363</u>
7,216	966	7,317	29,783	28,231
7,216	960	7,317	29,783	28,231
\$ <u>9,823</u>	\$ <u>1,351</u>	\$ <u>8,706</u>	\$ <u>50,815</u>	\$ <u>48,594</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Computer Services	Central Stores	Telecom- munications
OPERATING REVENUES:			
CHARGES FOR SERVICES	\$ 24,092	\$ 4,308	\$ 12,861
OTHER REVENUE	7		20
TOTAL OPERATING REVENUES	<u>24,099</u>	<u>4,308</u>	<u>12,881</u>
OPERATING EXPENSES:			
PERSONAL SERVICES	13,975	254	1,443
UTILITIES, RENTALS, AND OTHER SERVICES	1,420	157	9,686
COMMODITIES AND SUPPLIES	652	3,751	299
GRANTS AND SUBSIDIES			
DEPRECIATION AND AMORTIZATION	4,262	18	1,371
TRAVEL	65		27
TOTAL OPERATING EXPENSES	<u>20,374</u>	<u>4,180</u>	<u>12,826</u>
OPERATING INCOME (LOSS)	<u>3,725</u>	<u>128</u>	<u>55</u>
NONOPERATING REVENUES (EXPENSES):			
INTERGOVERNMENTAL REVENUE			
GAIN (LOSS) ON SALE OF FIXED ASSETS	(641)	1	1
INTEREST EXPENSE	(1,086)		(3)
JUDGEMENTS AND CONTINGENCIES			
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(1,727)</u>	<u>1</u>	<u>(2)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,998	129	53
OPERATING TRANSFERS IN			
OPERATING TRANSFERS OUT			
NET INCOME (LOSS)	1,998	129	53
RETAINED EARNINGS AT JULY 1	1,962	1,387	8,806
EQUITY TRANSFERS IN (OUT)		(9)	(30)
RETAINED EARNINGS AT JUNE 30	<u>\$ 3,960</u>	<u>\$ 1,507</u>	<u>\$ 8,823</u>

Prison Industries	Central Printing	Property Management	Totals For The Year Ended	
			June 30 1987	June 30 1986
\$ 7,636	\$ 3,664	\$ 12,168	\$ 64,729	\$ 62,713
197	17	24	265	116
<u>7,833</u>	<u>3,681</u>	<u>12,192</u>	<u>64,994</u>	<u>62,829</u>
2,270	1,752	2,646	22,340	25,445
409	671	5,186	17,529	20,707
3,509	938	5,469	14,618	9,567
1,174		5	1,179	1,194
489	98	95	6,333	6,324
36	4	96	228	206
<u>7,887</u>	<u>3,463</u>	<u>13,497</u>	<u>62,227</u>	<u>63,443</u>
(54)	218	(1,305)	2,767	(614)
				132
(30)	(1)	(29)	(699)	(106)
(10)	(6)		(1,105)	(16)
				(128)
<u>(40)</u>	<u>(7)</u>	<u>(29)</u>	<u>(1,804)</u>	<u>(118)</u>
(94)	211	(1,334)	963	(732)
		4,289	4,289	5,641
<u>(183)</u>		<u>(3,478)</u>	<u>(3,661)</u>	<u>(1,825)</u>
(277)	211	(523)	1,591	3,084
7,493	749	7,840	28,231	25,147
			(39)	
<u>\$ 7,216</u>	<u>\$ 960</u>	<u>\$ 7,317</u>	<u>\$ 29,783</u>	<u>\$ 28,231</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Computer Services	Central Stores	Telecom- munications
SOURCES OF WORKING CAPITAL:			
OPERATIONS:			
NET INCOME (LOSS)	\$ 1,998	\$ 129	\$ 53
ITEMS NOT REQUIRING (PROVIDING) WORKING CAPITAL:			
DEPRECIATION AND AMORTIZATION	4,262	18	1,371
(GAIN) LOSS ON SALE OF FIXED ASSETS	641	(1)	(1)
WORKING CAPITAL PROVIDED BY OPERATIONS	<u>6,901</u>	<u>146</u>	<u>1,423</u>
PROCEEDS FROM SALE OF FIXED ASSETS		1	3
INCREASE IN LONG-TERM CAPITAL LEASE OBLIGATIONS	5,105		394
INCREASE IN LONG-TERM COMPENSATED ABSENCES	928	18	90
OTHER SOURCES OF WORKING CAPITAL			
TOTAL SOURCES OF WORKING CAPITAL	<u>12,934</u>	<u>165</u>	<u>1,910</u>
USES OF WORKING CAPITAL:			
ACQUISITION OF FIXED ASSETS	9,866	7	452
PAYMENT OF LONG-TERM CAPITAL LEASE OBLIGATIONS	3,354		59
PAYMENT OF LONG-TERM COMPENSATED ABSENCES	937	12	79
EQUITY TRANSFERS OUT		9	30
OTHER USES OF WORKING CAPITAL			
TOTAL USES OF WORKING CAPITAL	<u>14,157</u>	<u>28</u>	<u>620</u>
NET INCREASE (DECREASE) IN WORKING CAPITAL	\$ <u>(1,223)</u>	\$ <u>137</u>	\$ <u>1,290</u>
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:			
CASH AND CASH EQUIVALENTS	\$ (57)	\$ (39)	\$ 998
RECEIVABLES, NET	121	1	18
INTERFUND RECEIVABLES	(222)		57
INVENTORIES	93	68	
PREPAID EXPENSES	43		
ACCOUNTS PAYABLE	30	105	292
INTERFUND PAYABLES	(2)		(2)
DEFERRED REVENUE	343		(14)
CURRENT PORTION OF CAPITAL LEASE OBLIGATIONS	(1,411)		(58)
CURRENT PORTION OF COMPENSATED ABSENCES	(161)	2	(1)
NET INCREASE (DECREASE) IN WORKING CAPITAL	\$ <u>(1,223)</u>	\$ <u>137</u>	\$ <u>1,290</u>

Prison Industries	Central Printing	Property Management	Totals For The Year Ended	
			June 30, 1987	June 30, 1986
\$ (277)	\$ 211	\$ (523)	\$ 1,591	\$ 3,084
489	98	95	6,333	6,324
30	1	29	699	106
<u>242</u>	<u>310</u>	<u>(399)</u>	<u>8,623</u>	<u>9,514</u>
		5	9	152
41	22		5,562	108
211	99	353	1,699	323
<u>494</u>	<u>431</u>	<u>(41)</u>	<u>15,893</u>	<u>1</u>
				<u>10,098</u>
615	169	153	11,262	1,876
64	24		3,501	4,428
180	102	374	1,684	1,405
			39	
<u>859</u>	<u>295</u>	<u>527</u>	<u>16,486</u>	<u>4</u>
				<u>7,713</u>
\$ (365)	\$ 136	\$ (568)	\$ (593)	\$ 2,385
\$ 125	\$ (104)	\$ (3,941)	\$ (3,018)	\$ 5,813
(1,142)	(89)	(27)	(1,118)	832
207	46	623	711	96
1,207	85	(71)	1,382	824
			43	13
(748)	90	2,874	2,643	(2,941)
24			20	(6)
19	135		483	(144)
(43)	(18)		(1,530)	(698)
(14)	(9)	(26)	(209)	(1,404)
<u>(365)</u>	<u>136</u>	<u>(568)</u>	<u>(593)</u>	<u>2,385</u>

Trust and Agency Funds

Kentucky utilizes four types of Trust and Agency Funds to account for assets held as trustee or agent for individuals, private organizations, or other governments as follows:

Expendable Trust Funds account for assets held by the Commonwealth as a legal trustee when both principal and interest may be expended for designated purposes. Kentucky uses the following Expendable Trust Funds:

Fire and Tornado Insurance Fund—accounts for monies received by the Department of Insurance from state agencies and expended for insuring state property against losses from fires, tornadoes, etc.

Unemployment Compensation Fund—accounts for assessed employer contributions and related unemployment compensation payments.

Special Benefits Fund—accounts for other fiduciary monies to be expended only for designated operations.

The **Non Expendable Trust Fund** accounts for endowments held by the Commonwealth as a legal trustee in situations requiring that the principal be preserved intact and only the interest be expended as designated. This activity is accounted for in the column titled Endowments on the face of the following financial statements.

Trust and Agency Funds

Pension Trust Funds account for monies received for and expenses incurred by the various public employee retirement systems administered by the State. Kentucky uses the following Pension Trust Funds:

Kentucky Employees Retirement System Fund—accounts for revenues and expenses of the retirement system which covers substantially all regular full-time employees of any State department, board or agency directed by Executive Order to participate in the system.

State Police Retirement System Fund—accounts for revenues and expenses of the retirement system which covers substantially all regular full-time officers of the Kentucky State Police.

Teachers' Retirement System Fund—accounts for revenues and expenses of the retirement system which covers substantially all persons occupying positions in the public elementary and secondary schools for which a certificate is required, faculty members of five regional universities, the Superintendent of Public Instruction and the professional staff members of the Department of Education.

Judicial Retirement System Fund—accounts for revenues and expenses of the retirement system that covers all District Judges, Circuit Judges, Judges of the Court of Appeals, and Judges of the Supreme Court.

Legislators' Retirement System Fund—accounts for revenues and expenses of the retirement system that covers all members of the General Assembly.

County Employees Retirement System Fund—accounts for revenues and expenses of the retirement system that covers substantially all regular full-time employees of each county, local school board and additional local agencies electing to participate in the system.

Kentucky Retirement System Insurance Fund—accounts for accident and health insurance benefits for members of the Kentucky Employees, State Police and County Employees Retirement systems.

Agency Funds account for monies held by the Commonwealth for custodial purposes only. Kentucky uses the following Agency Funds:

Kentucky Public Employees Deferred Compensation System—accounts for deferred portions of eligible Commonwealth, county, and local school district employees' salaries withheld and remitted to either of two independently administered plans created in accordance with Internal Revenue Code Section 401(K) or 457.

County Sinking Fund—accounts for monies generated through the sale of bonds for specific uses by the counties.

Special Deposit Trust Fund—accounts for monies held by the Commonwealth and earmarked for specific purposes such as employee withholdings.



COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
ALL TRUST AND AGENCY FUNDS
JUNE 30, 1987
(Expressed in Thousands)

	Expendable Trust Funds		
	Fire and Tornado Insurance	Unemployment Compensation	Special Benefits Fund
<u>ASSETS</u>			
CASH AND CASH EQUIVALENTS	\$ 4,901	\$ 1,505	\$ 38,176
CASH WITH FISCAL AGENTS			
CASH ON DEPOSIT WITH FEDERAL GOVERNMENT		203,157	
INVESTMENTS, NET OF AMORTIZATION	2,220		61,294
RECEIVABLES, NET	164	74,794	21,143
INTERFUND RECEIVABLES			4
PREPAID EXPENSES			
MACHINERY AND EQUIPMENT			
OTHER ASSETS			
TOTAL ASSETS	\$ 7,285	\$ 279,456	\$ 120,617
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES:</u>			
ACCOUNTS PAYABLE	\$ 170	\$ 39,034	\$ 362
INTERFUND PAYABLES	6	50	3,470
AMOUNTS HELD IN CUSTODY FOR OTHERS			
DEFERRED REVENUE	12	47,484	4,066
OTHER LIABILITIES			
TOTAL LIABILITIES	188	86,568	7,898
<u>FUND EQUITY:</u>			
RETAINED EARNINGS:			
UNRESERVED			
<u>FUND BALANCE:</u>			
RESERVED FOR:			
INVESTMENTS	4,921		3,672
WORKER'S COMPENSATION CLAIMS			16,679
UNRESERVED:			
UNDESIGNATED	2,176	192,888	92,368
TOTAL FUND BALANCE	7,097	192,888	112,719
TOTAL LIABILITIES AND FUND EQUITY	\$ 7,285	\$ 279,456	\$ 120,617

Endowments	Agency Funds				Totals	
	Pension Trust	Deferred Compensation	County Sinking	Special Deposit Trust	June 30, 1987	June 30, 1986
\$ 423	\$ 831,034	\$ 121,746	\$ 4,591 388	\$ 49,081	\$ 1,051,457 388	\$ 839,612 743
	3,845,420				203,157	111,810
11	110,483	166		459	3,908,934	3,352,695
	93			3,500	207,220	225,487
	4,979				3,504	
					93	6,348
					4,979	96
						500
<u>\$ 434</u>	<u>\$ 4,792,009</u>	<u>\$ 121,912</u>	<u>\$ 4,979</u>	<u>\$ 53,040</u>	<u>\$ 5,379,732</u>	<u>\$ 4,537,291</u>
\$	\$ 5,631	\$	\$	\$ 101	\$ 45,298	\$ 48,019
				10	3,536	135
		121,912	4,979	52,929	179,820	154,717
11	24				51,573	62,988
11	5,655	121,912	4,979	53,040	24	48
					280,251	265,907
423	4,786,354					
					4,786,777	4,089,336
					8,593	5,290
					16,679	
					287,432	176,758
423	4,786,354				5,099,481	4,271,384
<u>\$ 434</u>	<u>\$ 4,792,009</u>	<u>\$ 121,912</u>	<u>\$ 4,979</u>	<u>\$ 53,040</u>	<u>\$ 5,379,732</u>	<u>\$ 4,537,291</u>

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
PENSION TRUST FUNDS
JUNE 30, 1987
(Expressed in Thousands)

	Kentucky Employee Retirement System	State Police Retirement System	Teachers' Retirement System	Judicial Retirement System
<u>ASSETS</u>				
CASH AND CASH EQUIVALENTS	\$ 103,873	\$ 8,189	\$ 604,180	\$ 40,201
INVESTMENTS, NET OF AMORTIZATION	1,136,317	99,989	1,938,971	16,874
ACCRUED INVESTMENT INCOME	19,544	1,731	30,107	734
RECEIVABLES, NET	6,366	447	18,672	23
PREPAID EXPENSES			93	
FIXED ASSETS				
OTHER ASSETS	12	1	4,960	
TOTAL ASSETS	\$ 1,266,112	\$ 110,357	\$ 2,596,983	\$ 57,832
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
ACCOUNTS PAYABLE	2,112	162	320	
OTHER LIABILITIES			24	
TOTAL LIABILITIES	2,112	162	344	
FUND BALANCES:				
RESERVED FOR:				
EMPLOYEE RETIREMENT SYSTEM	1,264,000	110,195	2,596,639	57,832
TOTAL FUND BALANCES	1,264,000	110,195	2,596,639	57,832
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,266,112	\$ 110,357	\$ 2,596,983	\$ 57,832

Legislators' Retirement System	County Employee Retirement System	Kentucky Retirement System Insurance	Totals	
			June 30, 1987	June 30, 1986
\$ 8,327	\$ 61,445	\$ 4,819	\$ 831,034	\$ 631,164
4,593	636,121	12,555	3,845,420	3,326,877
182	10,730	65	63,093	48,902
	20,449	1,433	47,390	78,407
			93	6,348
	6		4,979	96
				500
<u>\$ 13,102</u>	<u>\$ 728,751</u>	<u>\$ 18,872</u>	<u>\$ 4,792,009</u>	<u>\$ 4,092,294</u>
	1,020	2,017	5,631	2,101
			24	18
	<u>1,020</u>	<u>2,017</u>	<u>5,655</u>	<u>2,119</u>
13,102	727,731	16,855	4,786,354	4,090,175
<u>13,102</u>	<u>727,731</u>	<u>16,855</u>	<u>4,786,354</u>	<u>4,090,175</u>
<u>\$ 13,102</u>	<u>\$ 728,751</u>	<u>\$ 18,872</u>	<u>\$ 4,792,009</u>	<u>\$ 4,092,294</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Fire and Tornado Insurance	Unemployment Compensation	Special Benefits Fund	Totals For The Year Ended	
				June 30, 1987	June 30, 1986
REVENUES:					
TAXES	\$	\$ 232,376	\$ 61,746	\$ 294,122	\$ 250,330
INTERGOVERNMENTAL		7,786	1,258	9,044	7,765
CHARGES FOR SERVICES		10		10	144
FINES AND FORFEITS		1,484		1,484	1,463
INTEREST AND OTHER INVESTMENT INCOME	211	14,547	2,954	17,712	11,768
OTHER REVENUE	3,726	3,852	44,381	51,959	65,209
TOTAL REVENUES	<u>3,937</u>	<u>260,055</u>	<u>110,339</u>	<u>374,331</u>	<u>336,679</u>
EXPENDITURES:					
GENERAL GOVERNMENT			273	273	127
EDUCATION AND HUMANITIES			2	2	2
HUMAN RESOURCES		164,276	628	164,904	239,522
PUBLIC PROTECTION AND REGULATION	1,546		68,985	70,531	75,029
TOTAL EXPENDITURES	<u>1,546</u>	<u>164,276</u>	<u>69,888</u>	<u>235,710</u>	<u>314,680</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,391</u>	<u>95,779</u>	<u>40,451</u>	<u>138,621</u>	<u>21,999</u>
OTHER FINANCING SOURCES (USES):					
OPERATING TRANSFERS IN		943	4	947	950
OPERATING TRANSFERS OUT	(2,174)	(1,235)	(5,088)	(8,497)	(7,757)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,174)</u>	<u>(292)</u>	<u>(5,084)</u>	<u>(7,550)</u>	<u>(6,807)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>217</u>	<u>95,487</u>	<u>35,367</u>	<u>131,071</u>	<u>15,192</u>
FUND BALANCE AT JULY 1	6,880	97,401	77,352	181,633	166,568
EQUITY TRANSFER IN (OUT)					(127)
FUND BALANCE AT JUNE 30	<u>\$ 7,097</u>	<u>\$ 192,888</u>	<u>\$ 112,719</u>	<u>\$ 312,704</u>	<u>\$ 181,633</u>



*Floral Clock
Frankfort*

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
NONEXPENDABLE AND PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Endowments	Pension Trust Funds		
		Kentucky Employees Retirement System	State Police Retirement System	Teachers' Retirement System
OPERATING REVENUES:				
CONTRIBUTIONS	\$ -	\$ 97,243	\$ 6,426	\$ 270,406
INTEREST AND OTHER INVESTMENT INCOME	8	97,094	8,763	266,137
OTHER OPERATING REVENUE		58,938	5,189	
TOTAL OPERATING REVENUES	8	253,275	20,378	536,543
OPERATING EXPENSES:				
ADMINISTRATIVE EXPENSES		1,236	23	2,362
BENEFITS		52,414	5,107	157,464
REFUNDS OF CONTRIBUTIONS		5,061	127	6,712
DEPRECIATION AND AMORTIZATION				65
OTHER EXPENSES		272	24	17,560
TOTAL OPERATING EXPENSES		58,983	5,281	184,163
OPERATING INCOME (LOSS)	8	194,292	15,097	352,380
INCOME (LOSS) BEFORE OPERATING TRANSFERS	8	194,292	15,097	352,380
OPERATING TRANSFERS IN				
OPERATING TRANSFERS OUT		(9,645)	(1,569)	
NET INCOME (LOSS)	8	184,647	13,528	352,380
RETAINED EARNINGS AT JULY 1	415	1,079,353	96,667	2,244,259
RETAINED EARNINGS AT JUNE 30	\$ 423	\$1,264,000	\$ 110,195	\$2,596,639

Pension Trust Funds					Totals For The Year Ended	
Judicial Retirement System	Legislators' Retirement System	County Employees Retirement System	Kentucky Retirement System Insurance	Subtotal	June 30, 1987	June 30, 1986
\$ 2,518	\$ 1,186	\$ 70,132	\$	\$ 447,911	\$ 447,911	\$ 422,557
8,521	1,042	54,428	460	436,445	436,453	473,293
246		28,354		92,727	92,727	51,688
11,285	2,228	152,914	460	977,083	977,091	947,538
116	32	1,117		4,886	4,886	8,697
2,110	258	18,066		235,419	235,419	211,028
13	1	4,383		16,297	16,297	17,623
				65	65	31
96	14	148	6,123	24,237	24,237	14,966
2,335	305	23,714	6,123	280,904	280,904	252,345
8,950	1,923	129,200	(5,663)	696,179	696,187	695,193
8,950	1,923	129,200	(5,663)	696,179	696,187	695,193
		(5,285)	16,499	16,499	16,499	8,687
				(16,499)	(16,499)	(5,373)
8,950	1,923	123,915	10,836	696,179	696,187	698,507
48,882	11,179	603,816	6,019	4,090,175	4,090,590	3,392,083
\$ 57,832	\$ 13,102	\$ 727,731	\$ 16,855	\$4,786,354	\$4,786,777	\$4,090,590

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
NONEXPENDABLE AND PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Endowments	Pension Trust Funds		
		Kentucky Employees Retirement System	State Police Retirement System	Teachers' Retirement System
SOURCES OF WORKING CAPITAL:				
OPERATIONS:				
NET INCOME	\$ 8	\$ 184,647	\$ 13,528	\$ 352,380
ITEMS NOT REQUIRING WORKING CAPITAL:				
DEPRECIATION AND AMORTIZATION		(2,745)	(511)	65
WORKING CAPITAL PROVIDED BY OPERATIONS	8	181,902	13,017	352,445
SALE OF LONG-TERM INVESTMENTS	11			
TOTAL SOURCES OF WORKING CAPITAL	19	181,902	13,017	352,445
USES OF WORKING CAPITAL:				
PURCHASE OF LONG-TERM INVESTMENTS		270,668	21,986	23,250
OTHER USES OF WORKING CAPITAL				281
TOTAL USES OF WORKING CAPITAL		270,668	21,986	23,531
NET INCREASE (DECREASE) IN WORKING CAPITAL	\$ 19	\$ (88,766)	\$ (8,969)	\$ 328,914
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:				
CASH AND CASH EQUIVALENTS	\$ 30	\$ (91,956)	\$ (9,156)	\$ 328,517
INVESTMENTS, NET OF AMORTIZATION		6,099	538	3,636
ACCRUED INVESTMENT INCOME		2,540	185	(3,544)
RECEIVABLES, NET		(4,352)	(419)	50
PREPAID BENEFITS			(2)	367
OTHER ASSETS		(19)	(115)	(106)
ACCOUNTS PAYABLE				(6)
OTHER LIABILITIES	(11)	(1,078)		
NET INCREASE (DECREASE) IN WORKING CAPITAL	\$ 19	\$ (88,766)	\$ (8,969)	\$ 328,914

Pension Trust Funds					Totals For The Year Ended	
Judicial Retirement System	Legislators' Retirement System	County Employees Retirement System	Kentucky Retirement System Insurance	Subtotal	June 30, 1987	June 30, 1986
\$ 8,950	\$ 1,923	\$ 123,915	\$ 10,836	\$ 696,179	\$ 696,187	\$ 698,507
		(1,365)		(4,556)	(4,556)	(6,981)
8,950	1,923	122,550	10,836	691,623	691,631	691,526
2,024				2,024	2,035	
10,974	1,923	122,550	10,836	693,647	693,666	691,526
	288	189,473	12,556	518,221	518,221	608,594
	288	189,473	12,556	518,502	518,502	608,629
\$ 10,974	\$ 1,635	\$ (66,923)	\$ (1,720)	\$ 175,145	\$ 175,164	\$ 82,897
\$ 10,847	\$ 1,636	\$ (37,727)	\$ (279)	\$ 201,882	\$ 201,912	\$ 57,542
125	(1)	3,745	65	14,207	14,207	(26,943)
2		(31,184)	962	(31,039)	(31,039)	(9,898)
		(1,535)		(6,256)	(6,256)	50,296
		(9)	(451)	(95)	(95)	(11)
		(213)	(2,017)	(2,470)	(2,470)	11,973
				(1,084)	(1,095)	(108)
\$ 10,974	\$ 1,635	\$ (66,923)	\$ (1,720)	\$ 175,145	\$ 175,164	\$ 82,897

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

	Balance July 1, 1986	Additions	Deductions	Balance June 30, 1987
<u>KENTUCKY PUBLIC EMPLOYEES DEFERRED COMPENSATION SYSTEM</u>				
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 99,084	\$ 26,462	\$ 3,800	\$ 121,746
ACCOUNTS RECEIVABLE	116	166	116	166
TOTAL ASSETS	<u>\$ 99,200</u>	<u>\$ 26,628</u>	<u>\$ 3,916</u>	<u>\$ 121,912</u>
LIABILITIES				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 99,200	\$ 26,628	\$ 3,916	\$ 121,912
TOTAL LIABILITIES	<u>\$ 99,200</u>	<u>\$ 26,628</u>	<u>\$ 3,916</u>	<u>\$ 121,912</u>
<u>COUNTY SINKING FUND</u>				
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 4,589	\$ 24,756	\$ 24,754	\$ 4,591
CASH WITH FISCAL AGENTS	743		355	388
ACCOUNTS RECEIVABLE	8		8	
TOTAL ASSETS	<u>\$ 5,340</u>	<u>\$ 24,756</u>	<u>\$ 25,117</u>	<u>\$ 4,979</u>
LIABILITIES				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 5,340	\$ 1,457	\$ 1,818	\$ 4,979
TOTAL LIABILITIES	<u>\$ 5,340</u>	<u>\$ 1,457</u>	<u>\$ 1,818</u>	<u>\$ 4,979</u>
<u>SPECIAL DEPOSIT TRUST FUND</u>				
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 50,185	\$ 1,225,095	\$ 1,226,199	\$ 49,081
ACCOUNTS RECEIVABLE	5	459	5	459
INTERFUND RECEIVABLE		3,500		3,500
TOTAL ASSETS	<u>\$ 50,190</u>	<u>\$ 1,229,054</u>	<u>\$ 1,226,204</u>	<u>\$ 53,040</u>
LIABILITIES				
DUE TO OTHER FUNDS	\$ 5		\$ 5	\$
ACCOUNTS PAYABLE		101		101
INTERFUND PAYABLE		10		10
AMOUNTS HELD IN CUSTODY FOR OTHERS	50,185	656,323	653,579	52,929
TOTAL LIABILITIES	<u>\$ 50,190</u>	<u>\$ 656,434</u>	<u>\$ 653,584</u>	<u>\$ 53,040</u>
<u>ALL AGENCY FUNDS</u>				
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 153,858	\$ 1,276,313	\$ 1,254,753	\$ 175,418
CASH WITH FISCAL AGENTS	743		355	388
ACCOUNTS RECEIVABLE	129	625	129	625
INTERFUND RECEIVABLE		3,500		3,500
TOTAL ASSETS	<u>\$ 154,730</u>	<u>\$ 1,280,438</u>	<u>\$ 1,255,237</u>	<u>\$ 179,931</u>
LIABILITIES				
DUE TO OTHER FUNDS	\$ 5		\$ 5	\$
DEFERRED REVENUE		101		101
ACCOUNTS PAYABLE		10		10
INTERFUND PAYABLE				
AMOUNTS HELD IN CUSTODY FOR OTHERS	154,725	684,408	659,313	179,820
TOTAL LIABILITIES	<u>\$ 154,730</u>	<u>\$ 684,519</u>	<u>\$ 659,318</u>	<u>\$ 179,931</u>

General Fixed Assets Account Group

The General Fixed Assets Account Group accounts for the Commonwealth's fixed assets, except those related to the proprietary funds, trust funds, and university and college funds.



COMMONWEALTH OF KENTUCKY
STATEMENT OF GENERAL FIXED ASSETS BY SOURCE
JUNE 30, 1987
(Expressed in Thousands)

GENERAL FIXED ASSETS:	
LAND	\$ 48,346
BUILDINGS	367,746
MACHINERY AND EQUIPMENT	306,806
CONSTRUCTION IN PROGRESS	<u>50,068</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 772,966</u>
INVESTMENT IN GENERAL FIXED ASSETS FROM:	
GENERAL FUND REVENUES	\$ 31,275
SPECIAL REVENUE FUNDS REVENUES	164,449
DONATIONS	9,708
OTHER	20,055
CAPITAL PROJECTS FUND:	
STATE APPROPRIATIONS	12,494
REVENUE BONDS	43,156
FEDERAL GRANTS	858
OTHER	13,202
FIXED ASSETS ACQUIRED PRIOR TO JULY 1, 1984 (A)	<u>477,769</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 772,966</u>

(A) FIXED ASSETS WITH AN UNDETERMINED FUNDING SOURCE ACQUIRED PRIOR TO JULY 1, 1984.

COMMONWEALTH OF KENTUCKY
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
JUNE 30, 1987
(Expressed in Thousands)

FUNCTION AND ACTIVITY	Land	Buildings	Machinery And Equipment	Total June 30, 1987
GENERAL GOVERNMENT:				
CABINET FOR GENERAL GOVERNMENT (A)	\$ 1,640	\$ 20,584	\$ 10,722	\$ 32,946
FINANCE AND ADMINISTRATION CABINET	4,110	93,900	2,491	100,501
REVENUE CABINET			3,123	3,123
TOTAL GENERAL GOVERNMENT	<u>5,750</u>	<u>114,484</u>	<u>16,336</u>	<u>136,570</u>
LEGISLATIVE AND JUDICIAL			10,025	10,025
COMMERCE:				
COMMERCE CABINET (A)	2,293	3,748	750	6,791
TOURISM CABINET	18,438	2,708	9,311	30,457
TOTAL COMMERCE	<u>20,731</u>	<u>6,456</u>	<u>10,061</u>	<u>37,248</u>
EDUCATION AND HUMANITIES	3,924	94,101	66,285	164,310
ENERGY	2,578	4,364	7,897	14,839
HUMAN RESOURCES	3,556	61,724	22,870	88,150
JUSTICE	453	7,461	28,093	36,007
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	5,511	1,001	19,462	25,974
CORRECTIONS	744	43,144	8,584	52,472
PUBLIC PROTECTION AND REGULATION:				
PUBLIC PROTECTION AND REGULATION CABINET	289	220	5,356	5,865
LABOR CABINET			1,264	1,264
TOTAL PUBLIC PROTECTION AND REGULATION	<u>289</u>	<u>220</u>	<u>6,620</u>	<u>7,129</u>
TRANSPORTATION	<u>4,810</u>	<u>34,791</u>	<u>110,573</u>	<u>150,174</u>
TOTAL GENERAL FIXED ASSETS ALLOCATED TO FUNCTIONS	<u>48,346</u>	<u>367,746</u>	<u>306,806</u>	<u>722,898</u>
CONSTRUCTION IN PROGRESS		<u>50,068</u>		<u>50,068</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 48,346</u>	<u>\$ 417,814</u>	<u>\$ 306,806</u>	<u>\$ 772,966</u>

(A) FIXED ASSETS TOTALING \$1,853(000) FOR THE DEPARTMENT OF AGRICULTURE WERE PREVIOUSLY REPORTED UNDER COMMERCE AND ARE NOW REPORTED UNDER GENERAL GOVERNMENT.

COMMONWEALTH OF KENTUCKY
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 1987
(Expressed in Thousands)

FUNCTION AND ACTIVITY	General Fixed Assets July 1, 1986	Additions	Retirements	General Fixed Assets June 30, 1987
GENERAL GOVERNMENT:				
CABINET FOR GENERAL GOVERNMENT (A)	\$ 31,609	\$ 1,860	\$ 523	\$ 32,946
FINANCE AND ADMINISTRATION CABINET	100,193	328	20	100,501
REVENUE CABINET	2,500	740	117	3,123
TOTAL GENERAL GOVERNMENT	<u>134,302</u>	<u>2,928</u>	<u>660</u>	<u>136,570</u>
LEGISLATIVE AND JUDICIAL	8,708	1,534	217	10,025
COMMERCE:				
COMMERCE CABINET (A)	6,753	41	3	6,791
TOURISM CABINET	27,197	3,859	599	30,457
TOTAL COMMERCE	<u>33,950</u>	<u>3,900</u>	<u>602</u>	<u>37,248</u>
EDUCATION AND HUMANITIES	165,792	6,222	7,704	164,310
ENERGY	14,688	155	4	14,839
HUMAN RESOURCES	80,752	7,777	379	88,150
JUSTICE	33,705	5,382	3,080	36,007
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	23,566	3,879	1,471	25,974
CORRECTIONS	49,932	2,831	291	52,472
PUBLIC PROTECTION AND REGULATION:				
PUBLIC PROTECTION AND REGULATION CABINET	4,991	1,138	264	5,865
LABOR CABINET	1,339	76	151	1,264
TOTAL PUBLIC PROTECTION AND REGULATION	<u>6,330</u>	<u>1,214</u>	<u>415</u>	<u>7,129</u>
TRANSPORTATION	140,448	13,630	3,904	150,174
TOTAL GENERAL FIXED ASSETS ALLOCATED TO FUNCTIONS	692,173	49,452	18,727	722,898
CONSTRUCTION IN PROGRESS	35,955	20,591	6,478	50,068
TOTAL GENERAL FIXED ASSETS	<u>\$ 728,128</u>	<u>\$ 70,043</u>	<u>\$ 25,205</u>	<u>\$ 772,966</u>

(A) FIXED ASSETS TOTALING \$1,853(000) FOR THE DEPARTMENT OF AGRICULTURE WERE PREVIOUSLY REPORTED UNDER COMMERCE AND ARE NOW REPORTED UNDER GENERAL GOVERNMENT.

University and College Funds

The University and College Funds account for all transactions relating to the eight state supported universities within Kentucky including the community colleges that are part of the University of Kentucky system. These institutions maintain their own financial records which are not a part of the central accounting system operated by the Finance and Administration Cabinet. The following universities and colleges are included:

Eastern Kentucky University
Kentucky State University
Morehead State University
Murray State University
Northern Kentucky University
University of Kentucky
(including community colleges)
University of Louisville
Western Kentucky University



COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
ALL UNIVERSITY AND COLLEGE FUNDS
JUNE 30, 1987
(Expressed in Thousands)

	Current Funds				Endowment and Similar
	Unrestricted	Auxiliary Enterprises and Hospitals	Restricted	Loan	
<u>ASSETS</u>					
CASH AND CASH EQUIVALENTS	\$ 61,938	\$ 42,070	\$ 17,762	\$ 7,301	\$ 1,388
CASH WITH FISCAL AGENTS					
INVESTMENTS	11,592	812	36,529		101,880
RECEIVABLES, NET:					
STATE AGENCIES	801	26	1,043		
OTHERS	12,224	19,195	12,693	44,072	1
INTERFUND RECEIVABLES	22,924	1	29	3	
INVENTORIES	11,121	4,587	105		
LAND					
IMPROVEMENTS OTHER THAN BUILDINGS					
BUILDINGS AND IMPROVEMENTS					
MACHINERY AND EQUIPMENT					
LIBRARY BOOKS					
LIVESTOCK					
CONSTRUCTION IN PROGRESS					
OTHER ASSETS	2,839	112	825		1,287
TOTAL ASSETS	\$ 123,439	\$ 66,803	\$ 68,986	\$ 51,376	\$ 104,556
<u>LIABILITIES AND FUND EQUITY</u>					
LIABILITIES:					
ACCOUNTS PAYABLE:					
STATE AGENCIES	\$ 182	\$ 7	\$ 14	\$	\$
OTHERS	16,144	2,702	10,489	259	
ACCRUED LIABILITIES	25,190	3,398	538		
INTERFUND PAYABLES	1,094	743	24,236	127	
NOTES PAYABLE				4	
BONDS PAYABLE					
AMOUNTS HELD IN CUSTODY FOR OTHERS					
DEPOSITS AND ADVANCE PAYMENTS	232	263			
DEFERRED REVENUE	15,524	1,335	619		
OTHER LIABILITIES	3,161	969	506		
TOTAL LIABILITIES	61,527	9,417	36,402	390	
FUND EQUITY:					
INVESTMENT IN FIXED ASSETS					
FUND BALANCE:					
RESERVED FOR:					
ENCUMBRANCES	4,415	24	12		
OTHER SPECIFIC PURPOSES	52,004	57,362	31,995	50,986	104,556
UNRESERVED:					
DESIGNATED FOR UNIVERSITIES AND COLLEGES	5,493		577		
TOTAL FUND EQUITY	61,912	57,386	32,584	50,986	104,556
TOTAL LIABILITIES AND FUND EQUITY	\$ 123,439	\$ 66,803	\$ 68,986	\$ 51,376	\$ 104,556

Plant Funds						Totals	
Agency	Foundations	Unexpended Plant	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	June 30, 1987	June 30, 1986
\$ 3,750	\$ 16,329	\$ 203,740	\$ 2,223	\$ 347	\$	\$ 356,848	\$ 222,319
			800	7,613		8,413	9,871
	50,094	2,110	4,960	92,016		299,993	225,272
						1,870	1,700
128	7,934	2,107	59	1,147		99,560	94,178
7		2,838	1,085	3,795		30,682	31,038
						15,813	15,110
					34,347	34,347	32,667
					30,417	30,417	27,265
					1,059,436	1,059,436	1,024,743
	11,762				310,363	322,125	286,184
					118,147	118,147	109,602
					482	482	557
		34,662			1,484	36,146	24,765
3	820			65	3,084	9,035	8,311
<u>\$ 3,888</u>	<u>\$ 86,939</u>	<u>\$ 245,457</u>	<u>\$ 9,127</u>	<u>\$ 104,983</u>	<u>\$ 1,557,760</u>	<u>\$ 2,423,314</u>	<u>\$ 2,113,582</u>
\$	\$	\$	\$	\$	\$	\$	\$
244	6,275	2,039	15	4,381		6,638	187
		362		1,994	1,776	40,245	43,855
136	3,778	568				29,126	24,713
	582	2,261			772	30,682	31,036
		148,095		44,175	449,294	3,619	3,294
3,508						641,564	454,651
						3,508	5,890
						495	297
						17,478	16,625
						4,636	3,824
<u>3,888</u>	<u>10,635</u>	<u>153,325</u>	<u>15</u>	<u>50,550</u>	<u>451,842</u>	<u>777,991</u>	<u>584,372</u>
	6,376				1,105,918	1,112,294	1,008,180
						4,451	5,400
	69,928	45,382	5,470	53,764		471,447	449,621
		46,750	3,642	669		57,131	66,009
	76,304	92,132	9,112	54,433	1,105,918	1,645,323	1,529,210
<u>\$ 3,888</u>	<u>\$ 86,939</u>	<u>\$ 245,457</u>	<u>\$ 9,127</u>	<u>\$ 104,983</u>	<u>\$ 1,557,760</u>	<u>\$ 2,423,314</u>	<u>\$ 2,113,582</u>

Statistical Section

The Statistical Section gives report users a better historical perspective of financial information that may assist in assessing current financial status and trends of the Commonwealth. In addition, certain Demographic and Economic data have been presented that will allow a broader understanding of the economic and social environment in which state government operates.



**COMMONWEALTH OF KENTUCKY
REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)**

SOURCE	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Taxes										
Sales and gross receipts	\$ 930,934	\$1,025,878	\$1,007,080	\$1,043,829	\$1,134,597	\$1,160,796	\$1,231,677	\$1,318,690	\$1,367,593	\$1,506,522
Individual income	389,912	456,287	505,832	573,091	600,823	647,170	727,829	762,946	810,330	909,434
Corporation income	138,597	163,368	158,846	154,786	166,815	172,120	198,359	211,189	233,674	267,299
Property	147,366	161,305	176,758	180,111	196,167	203,340	229,783	234,552	260,547	245,525
License and privilege	14,757	17,538	18,947	36,520	41,012	47,972	46,154	24,944	65,436	88,956
Coal severance	127,761	153,610	176,368	178,759	237,882	201,815	196,828	204,242	198,311	186,008
Inheritance and estate	21,843	22,727	23,295	28,323	29,606	38,317	43,167	50,825	54,939	49,245
Miscellaneous	0	0	0	0	0	839	897	22,819	86,308	71,563
Total tax	\$1,771,170	\$2,000,713	\$2,067,126	\$2,195,419	\$2,406,902	\$2,472,369	\$2,674,694	\$2,830,207	\$3,077,138	\$3,324,552
Intergovernmental revenue	\$ 783,290	\$ 921,750	\$1,025,247	\$1,102,110	\$ 993,326	\$1,045,822	\$1,171,581	\$1,339,707	\$1,446,301	\$1,416,882
Charges for services	214,852	224,742	262,493	312,659	331,176	333,759	87,219	129,519	221,497	203,147
Licenses, fees and permits	62,568	68,757	71,447	74,322	80,631	82,517	108,057	108,971	77,988	137,333
Fines and forfeitures	14,132	25,868	26,327	26,200	23,322	27,393	30,284	31,592	33,262	37,090
Investment income	43,348	60,504	85,820	78,041	100,448	116,935	116,490	92,319	139,707	107,512
Other revenue	43,641	40,408	37,698	38,436	45,309	97,582	67,836	140,130	87,401	114,620
Total non-tax income	\$1,161,831	\$1,342,029	\$1,509,032	\$1,631,768	\$1,574,212	\$1,704,008	\$1,581,467	\$1,842,238	\$2,006,156	\$2,016,584
Total revenue	\$2,933,001	\$3,342,742	\$3,576,158	\$3,827,187	\$3,981,114	\$4,176,377	\$4,256,161	\$4,672,445	\$5,083,294	\$5,341,136

See Source and Note below.

**COMMONWEALTH OF KENTUCKY
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)**

FUNCTION	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
General government	\$ 579,260	\$ 637,161	\$ 718,740	\$ 825,259	\$ 768,860	\$ 800,326	\$ 189,631	\$ 278,551	\$ 305,769	\$ 427,039
Legislative and judicial	30,763	46,030	51,122	55,601	65,216	66,747	71,993	70,035	79,252	81,726
Commerce	72,735	72,713	82,865	92,304	65,994	36,668	43,246	33,972	35,979	28,602
Education and humanities	780,319	889,751	992,645	1,047,763	1,149,373	1,264,662	1,229,218	1,263,757	1,324,469	1,479,674
Energy	2,469	8,612	10,138	15,051	39,502	14,025	11,648	3,400	7,549	11,043
Human resources	660,874	745,986	857,614	959,770	964,852	1,012,001	1,122,061	1,237,813	1,373,846	1,396,916
Justice	74,996	87,153	98,810	110,987	72,136	79,745	72,296	69,543	75,037	75,214
Natural resources and environmental protection	19,905	31,839	37,087	35,439	36,832	41,918	47,019	45,940	50,669	52,313
Corrections					47,407	48,104	58,682	77,035	81,697	90,925
Public protection and regulation	49,160	61,537	67,836	80,489	87,367	46,464	51,322	53,425	54,632	57,024
Transportation	526,026	652,386	805,874	690,931	619,291	616,457	702,908	708,854	738,707	770,806
Capital outlay	116,492	151,504	152,972	118,106	101,121	133,985	110,497	79,372	94,214	106,231
Debt service	71,453	121,305	124,543	128,594	149,520	225,218	265,130	194,722	345,026	263,466
Totals	\$2,984,452	\$3,505,977	\$4,000,246	\$4,160,294	\$4,167,471	\$4,386,320	\$3,975,651	\$4,116,419	\$4,566,846	\$4,840,979

SOURCE: Through 1982: Commonwealth of Kentucky Financial Report.
1983 through 1985: Commonwealth of Kentucky Annual Financial Report.
1986 and thereafter: Commonwealth of Kentucky Comprehensive Annual Financial Report.

NOTE: For years through 1983 amounts shown are cash basis. Amounts shown for year after 1983 are on the modified accrual basis. In 1983 the fund structure of the Commonwealth was changed to facilitate GAAP basis accounting. Prior to 1983 the activity of the Commonwealth's proprietary funds had been accounted for in governmental funds.

**COMMONWEALTH OF KENTUCKY
DESCRIPTION OF TAX SOURCES
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 1987**

SALES AND USE TAX - On July 1, 1960 Kentucky became the thirty-fourth state to enact a sales and use tax. As originally adopted, this tax was broad based with relatively few exemptions. Over the years numerous new exemptions, including the 1972 elimination of tax on groceries, have been passed into law. This reduction of the tax base has been partially offset as follows: (1) in 1968 the tax rate was raised from 3% to 5% of the gross receipts for sales tax, and from 3% to 5% of sales price for use tax, and (2) in 1985 the tax was expanded to cover leases and rentals as well as sales. During fiscal 1987 the sales and use tax continued as the largest generator of General Fund revenue for the Commonwealth.

COAL SEVERANCE - Kentucky's coal severance tax became effective April 1, 1972 and was intended to replace a major portion of the revenue expected to be lost by the exemption of groceries from the sales tax. It was the first major severance tax among the states. The initial rate of four percent on the gross value of coal mined in Kentucky or thirty cents per ton, whichever is greater, was raised to 4.5% of the gross value of coal mined or fifty cents per ton, whichever is greater, in 1976. In 1978 the statute was revised to include the taxation of coal processing and add a deduction from the gross value for the cost of transportation. A 1986 amendment provides that coal producing and coal impact counties are to receive a minimum of ten percent of coal severance and processing taxes for FY 1986-87 and twelve percent for subsequent years.

MOTOR FUELS - In 1920 Kentucky became the fifth state to adopt a gasoline tax. The initial rate of one cent per gallon reached five cents per gallon by 1926. Effective April 1, 1948, the tax per gallon was raised to seven cents, with two-sevenths of the total set aside for rural and secondary roads. On July 1, 1962, administration of the motor fuels use tax was transferred from the Department of Revenue to the Department of Motor Transportation and on July 1, 1972 the tax rate increased to nine cents per gallon. Effective July 1, 1980, the rate was changed to nine percent of the weighted average wholesale tank wagon price for sale in Kentucky. On July 1, 1986 the tax on gasoline and LP gas was increased five cents per gallon and the tax on special fuels was increased two cents per gallon.

MOTOR VEHICLE REGISTRATION - The 1936 General Assembly fixed a flat \$4.50 registration fee (plus fifty cents for the County Clerk) for passenger cars. Similar fees were enacted in 1938 for farm trucks and in 1944 for church buses, water well drillers, and certain wreckers. Truck licenses were changed to a graduated "gross weight" basis in 1964. The current \$11.50 fee for passenger cars, farm trucks, and the lightest trucks was passed in 1968. In 1973, all motor vehicle registration functions were transferred from the Department of Revenue to the Department of Transportation and the apportioned registration of commercial vehicles began. Current rates for heavier trucks range from \$24 (6,001 - 10,000 lbs.) to \$840 (73,281 - 82,000 lbs.) with extended weight tags required for still heavier vehicles.

INDIVIDUAL INCOME TAX - The individual income tax became effective for income earned during calendar 1936 and produced its first revenue during fiscal year 1936-37. The initial rates ranged from 2% on the first \$3,000 of income to 5% on all over \$5,000. In 1950, a rate of 6% was imposed on income in excess of \$8,000. In 1954, Kentucky became the fourth state to implement a withholding system and also adopted the federal definition of net income. The rates currently applied to net income are: 2% of the first \$3,000; 3% of the next \$1,000; 4% of the next \$1,000; 5% of the next \$3,000; and 6% of the excess over \$8,000. The present tax credit of \$20 went into effect in 1961 and the current standard deduction of \$650 was adopted in 1976. The individual income tax was the second largest generator of General Fund revenue during fiscal 1987.

CORPORATION INCOME TAX - The corporate income tax was enacted to first apply to calendar 1936 income. The rate was 4% of the net income assigned to Kentucky after deduction of federal income taxes. This rate was changed to 4.5% in 1950 and again to 5% of the first \$25,000 of taxable income and 7% of all in excess thereof in 1956. In 1972, the federal tax deduction was removed and the state rate reduced to 4% of the first \$25,000 and 5.8% on the excess. Effective for taxable years beginning after December 31, 1981, net income is computed using the Internal Revenue Code in effect December 31, 1981, including the provisions of the Economic Recovery Act of 1981. Tax rates beginning on January 1, 1980, are: first \$25,000 at 3%; next \$25,000 at 4%; next \$50,000 at 5%; and the excess over \$100,000 at 6%. The 1985 Special Session of the General Assembly passed the Kentucky Equity Tax Act (KETA) into law. Kentucky law now mandates a state depreciation system separate from the current federal system. This new Kentucky system allows corporate taxpayers to recover the entire cost of property through depreciation as compared to a partial recovery using the federal Accelerated Cost Recovery System (ACRS). KETA also added a new graduated rate of 7.25% of taxable income in excess of \$250,000 and retained the existing graduated rates of 3% to 6% on the first \$250,000 of taxable income for taxable years beginning after July 31, 1985.

PROPERTY TAX - The most marked changes in taxation during the past forty-two years have occurred in the property tax. Prior to 1934, the property tax was the state's major revenue source. In that year, an attempt to remove the tax on real estate was ruled unconstitutional. The tax rate was then reduced from thirty cents to five cents per \$100 assessed value. The 1965 Special Session of the General Assembly further reduced the rate on real estate from five to one and one half cents and on tangible property from 50 to 15 cents. House Bill 44 enacted by the 1979 extraordinary legislative session established a new rate setting mechanism, which limited the increase in aggregate revenues for all taxing districts, in general, and specifically limited the state rate for real estate to no greater than necessary to provide a 4% increase in revenue from year to year. As a result, the state tax rate has on real property has dropped from 31.5 cents per \$100 in 1978 to 21.4 cents per \$100 in 1987.

INHERITANCE AND ESTATE TAX - The inheritance tax began in Kentucky in 1906 and provided that all property of persons residing in the state and property within the state owned by non-residents shall be subject to a tax of \$5 on each \$100 of its fair cash value at the times of their deaths. The original exemption was \$500. In 1936, 1948, 1976, 1978, and 1985 various changes in the then existing legacy brackets and exemptions were legislated into law. Effective for dates of death on or after August 1, 1985, the surviving spouse's exemption for inheritance tax increases from the previous \$50,000 to the total inheritable interest, and the tax rates for others range from 2% to 16%, depending on legacy bracket and estate value. The estate tax is an amount by which the state death tax credit allowable under the federal law exceeds the inheritance tax.

COMMONWEALTH OF KENTUCKY
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR CALENDAR YEARS 1977-1986
(Expressed in Thousands Except Ratio Data)

For the Year Ended December 31	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1977	\$ 26,015,990	\$ 30,091,416	\$ 37,112,144	\$ 37,112,144	\$ 63,128,134	\$ 67,203,560	93.9%
1978	28,876,814	34,110,394	42,039,825	42,039,825	70,916,639	76,150,219	93.1%
1979	34,332,545	39,816,984	47,896,733	47,896,733	82,229,278	87,713,717	93.7%
1980	38,713,126	43,532,117	52,825,071	52,825,071	91,538,197	96,357,188	95.0%
1981	42,792,643	45,904,117	57,405,797	57,405,797	100,198,440	103,309,914	97.0%
1982	45,251,023	46,321,105	62,094,708	62,094,708	107,345,731	108,415,813	99.0%
1983	47,093,751	49,520,243	66,774,624	66,774,624	113,868,375	116,294,867	97.9%
1984	49,509,797	52,355,938	74,630,641	74,630,641	124,140,438	126,966,579	97.8%
1985	51,548,950	55,191,595	80,531,235	80,531,235	132,080,185	135,722,830	97.3%
1986	54,424,249	57,591,798	87,946,889	87,946,889	142,371,138	145,538,687	97.8%

SOURCE: Kentucky Revenue Cabinet

NOTE: Assessed values are established through the utilization of an annual ad valorem tax based on the fair value of the property.

COMMONWEALTH OF KENTUCKY
PROPERTY TAX LEVIES AND COLLECTIONS
FOR FISCAL YEARS 1977-1986
(Expressed in Thousands Except for Percentages)

For the Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1977	\$ 43,093	\$ 42,187	97.9%	\$ 1,226	\$ 43,413	100.7%
1978	158,631	146,114	92.1%	1,252	147,366	92.9%
1979	175,626	159,199	90.6%	2,106	161,305	91.8%
1980	189,778	174,026	91.7%	2,733	176,759	93.1%
1981	195,899	177,391	90.6%	2,720	180,111	91.9%
1982	208,547	192,699	92.4%	3,468	196,167	94.1%
1983	218,659	199,002	91.0%	4,338	203,340	93.0%
1984	227,109	222,512	98.0%	7,104	229,616	101.1%
1985	251,032	227,564	90.7%	7,149	234,713	93.5%
1986	264,761	244,974	92.5%	9,544	254,518	96.1%

SOURCE: Kentucky Revenue Cabinet

NOTE: Property taxes are assessed as of January 1 of each year in one of two ways: 1) by the 120 Property Valuation Administrators within the state, or 2) by the Revenue Cabinet. The tax rates are set by the various taxing jurisdictions and applied to the particular assessment. Tax bills are delivered by September 15 of each year.

COMMONWEALTH OF KENTUCKY
RATIO OF GENERAL LONG-TERM BONDED DEBT
TO ASSESSED VALUE AND DEBT PER CAPITA
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands Except Ratio and Per Capita Data)

For the Year Ended June 30	Population	Assessed Value	General Long-Term Bonded Debt	General Bonded Debt	
				Ratio to Assessed Value	Per Capita
1978	3,611	\$ 70,916,638	\$ 1,379,412	1.9%	\$ 382
1979	3,644	82,229,278	1,589,070	1.9%	436
1980	3,661	91,538,197	1,709,743	1.9%	467
1981	3,675	100,198,440	1,694,178	1.7%	461
1982	3,692	107,345,731	1,260,501	1.2%	341
1983	3,714	113,868,375	1,324,075	1.2%	357
1984	3,723	124,140,439	1,641,386	1.3%	441
1985	3,729	132,080,185	1,639,050	1.2%	440
1986	3,728	142,371,138	1,731,292	1.2%	464
1987	3,808	152,300,000 Est.	2,068,313	1.4%	543

SOURCE: U. S. Department of Commerce, Population Estimates and Projections, University of Louisville Urban Study Center Population Projections, Revenue Cabinet Annual Report, Commonwealth of Kentucky Annual Financial Report.

NOTE: General long-term bonded debt outstanding includes adjustments to eliminate bonds accounted for by Proprietary Funds and University and College Funds as well as adjustments reflecting updated amortization schedules, bonds redeemed prior to scheduled maturity, and correction of maturity schedule errors.

COMMONWEALTH OF KENTUCKY
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT TO
TOTAL EXPENDITURES FOR GENERAL GOVERNMENTAL FUNCTIONS
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands Except Ratio Data)

For the Year Ended June 30	General Long-Term Bond Debt Service	Total Expenditures	Ratio
1978	\$ 49,752	\$2,984,452	1.7%
1979	98,596	3,505,977	2.8%
1980	92,548	4,000,246	2.3%
1981	96,773	4,160,294	2.3%
1982	115,950	4,167,471	2.8%
1983	146,886	4,386,320	3.3%
1984	212,362	3,975,651	5.3%
1985	187,793	4,116,419	4.6%
1986	256,318	4,566,846	5.6%
1987	210,833	4,840,979	4.4%

SOURCE: Commonwealth of Kentucky Comprehensive Annual Financial Report, Debt Service Fund Cash Control Detail Report, Transportation Fund Allotment Detail Report

NOTE: For years through 1983 amounts shown are cash basis. Amounts shown for years after 1983 are on the modified accrual basis. In 1983 the fund structure of the Commonwealth was changed to facilitate GAAP basis accounting. Prior to 1983 the activity of the Commonwealth's proprietary funds had been accounted for in the governmental funds.

**COMMONWEALTH OF KENTUCKY
STATE PARKS FUND REVENUE BOND COVERAGE
FOR THE LAST FOUR FISCAL YEARS (1)
(Expressed in Thousands Except Coverage)**

For The Year Ended June 30	Revenue (2)	Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements	Coverage
1984	43,269	40,669	2,600	1,455	1.79
1985	43,592	40,097	3,495	1,460	2.39
1986	54,159	49,097	5,062	1,447	3.50
1987	51,477	47,093	4,384	1,437	3.05

SOURCE: Commonwealth of Kentucky Comprehensive Annual Financial Reports for fiscal years ended June 30, 1984 through 1987 and Supplementary Information for fiscal years ended June 30, 1983 through 1986.

NOTES: (1) Information is not available on a GAAP basis prior to FY 1984; (2) includes operating and nonoperating revenues plus operating transfers in; (3) includes operating expenses, nonoperating expenses, operating transfers out and other financing uses, less depreciation and interest expense.

**COMMONWEALTH OF KENTUCKY
UNIVERSITY AND COLLEGE FUNDS REVENUE BOND COVERAGE
FOR THE LAST FOUR FISCAL YEARS (1)
(Expressed in Thousands Except Coverage)**

For The Year Ended June 30	Unrestricted Current Funds Beginning Balance	Unrestricted Current Funds Revenues and Additions	Unrestricted Current Funds Expenditures and Transfers	Net Revenue Available for Debt Service Requirements	Debt Service Requirements	Coverage
1984	70,507	718,953	718,289	71,171	36,674	1.94
1985	71,508	747,986	733,172	86,322	38,194	2.26
1986	93,931	831,843	820,843	104,931	46,826	2.24
1987	105,421	887,393	873,516	119,298	41,801	2.85

SOURCE: Commonwealth of Kentucky Comprehensive Annual Financial Reports for fiscal years ended June 30, 1984 through 1987 and Supplementary Information for fiscal years ended June 30, 1983 through 1986.

NOTE: (1) Information is not available on a GAAP basis prior to FY 1984.

**COMMONWEALTH OF KENTUCKY
DEMOGRAPHIC STATISTICS
FOR CALENDAR YEARS 1977-1986**

For the Year Ended Dec 31	Population	Per Capita Income	Unemployment Rate
1977	3,575,000	\$ 5,797	4.7%
1978	3,611,000	6,389	5.2%
1979	3,644,000	7,119	5.6%
1980	3,661,000	7,648	8.0%
1981	3,675,000	8,567	8.4%
1982	3,692,000	8,934	10.6%
1983	3,714,000	9,162	11.7%
1984	3,723,000	10,300	9.3%
1985	3,729,000	10,585	9.5%
1986	3,728,000	11,129	9.3%

SOURCE: U. S. Department of Commerce, U. S. Bureau of Economic Analysis, Cabinet for Human Resources.

**COMMONWEALTH OF KENTUCKY
CONSTRUCTION AND BANK DEPOSITS
FOR CALENDAR YEARS 1977-1986
(Expressed in Thousands Except Number of Units)**

For the Year Ended Dec 31	Non-Residential Construction		Residential Construction		Bank Deposits
	Number of Units	Value	Number of Units	Value	
1977	12,256	\$ 357,203	17,960	\$ 465,419	12,182,000
1978	12,286	328,290	16,112	468,966	13,607,000
1979	11,662	450,008	13,116	437,332	14,905,000
1980	10,780	484,653	10,360	351,415	16,030,000
1981	10,468	449,864	8,067	268,702	17,672,000
1982	9,429	349,975	7,397	244,062	18,902,000
1983	10,709	422,998	11,839	421,816	20,888,000
1984	7,122	476,900	13,276	482,753	22,658,000
1985	8,260	591,720	13,770	522,626	24,191,000
1986	8,611	540,620	13,503	641,647	26,518,536

SOURCE: U. S. Bureau of Census, Federal Deposit Insurance Corporation.

NOTE: Number of non-residential construction units not available from Federal source agency for 1985.

COMMONWEALTH OF KENTUCKY
SOURCES OF PERSONAL INCOME
FOR CALENDAR YEARS 1977-1986
(Expressed in Thousands Except for Percentages)

Source	1977		1978		1979		1980		1981	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	\$ 789,498	4.7%	\$ 767,972	4.1%	\$ 895,064	4.3%	\$ 792,392	3.6%	\$1,171,215	4.9%
Agricultural Services, Forestry, Fishery, and Other	62,811	0.4%	74,002	0.4%	83,168	0.4%	86,067	0.4%	95,172	0.4%
Mining	1,326,780	7.9%	1,460,662	7.8%	1,517,651	7.3%	1,721,682	7.9%	1,844,988	7.8%
Manufacturing	4,157,930	24.9%	4,654,234	24.7%	5,179,584	24.8%	5,325,132	24.3%	5,735,091	24.2%
Contract Construction	1,123,110	6.7%	1,429,849	7.6%	1,562,715	7.5%	1,463,411	6.7%	1,383,819	5.8%
Wholesale and Retail Trade	2,570,855	15.4%	2,952,440	15.7%	3,274,421	15.7%	3,387,707	15.5%	3,556,595	15.0%
Finance, Insurance, and Real Estate	652,426	3.9%	756,824	4.0%	833,303	4.0%	862,822	3.9%	915,388	3.9%
Transportation, Communications, and Public Utilities	1,251,802	7.5%	1,404,257	7.5%	1,564,882	7.5%	1,662,358	7.6%	1,793,896	7.6%
Services	2,180,517	13.0%	2,470,830	13.1%	2,780,471	13.3%	3,146,319	14.4%	3,476,095	14.7%
Government	2,600,947	15.6%	2,842,649	15.1%	3,177,469	15.2%	3,440,771	15.7%	3,728,436	15.7%

Source	1982		1983		1984		1985		1986	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	\$1,032,169	4.3%	\$ 444,250	1.8%	\$1,201,262	4.4%	\$ 883,040	3.1%	\$ 792,873	2.7%
Agricultural Services, Forestry, Fishery, and Other	108,896	0.4%	134,444	0.6%	140,196	0.5%	145,029	0.5%	163,084	0.5%
Mining	1,883,779	7.8%	1,604,078	6.5%	1,798,984	6.6%	1,792,311	6.3%	1,715,257	5.8%
Manufacturing	5,513,642	22.7%	5,771,349	23.5%	6,423,418	23.4%	6,585,508	23.0%	6,715,938	22.5%
Contract Construction	1,427,577	5.9%	1,387,174	5.6%	1,508,934	5.5%	1,598,318	5.6%	1,762,224	5.9%
Wholesale and Retail Trade	3,715,040	15.3%	3,906,443	15.9%	4,173,053	15.2%	4,463,166	15.6%	4,648,802	15.6%
Finance, Insurance, and Real Estate	922,192	3.8%	1,040,648	4.2%	1,112,087	4.0%	1,216,670	4.3%	1,386,775	4.7%
Transportation, Communications, and Public Utilities	1,849,887	7.6%	1,868,752	7.6%	2,042,270	7.4%	2,106,092	7.4%	2,164,544	7.3%
Services	3,751,066	15.5%	4,134,127	16.8%	4,540,208	16.5%	4,960,880	17.4%	5,415,012	18.2%
Government	4,042,841	16.7%	4,315,091	17.5%	4,528,578	16.5%	4,793,784	16.8%	5,006,302	16.8%

SOURCE: U. S. Bureau of Economic Analysis, Kentucky Economic Information System, September, 1987.

COMMONWEALTH OF KENTUCKY
LARGEST MANUFACTURERS
(Ranked by Number of Employees - 800 or More)
1986

Company	Number of Plants	Number of Employees	Company	Number of Plants	Number of Employees
General Electric Company	9	17,131	Alean Aluminum Corporation	3	1,219
Farley Industries Incorporated	4	6,607	GTE Products Corporation	6	1,209
International Business Machines	1	6,300	Ashland Oil Incorporated	3	1,124
Ford Motor Company	2	5,919	Reynolds Metal Company	4	1,119
Armeo Incorporated	4	4,347	Louisville Bedding Company	2	1,099
Philip Morris Incorporated	2	3,992	U.S. Shoe Corporation	4	1,098
Emerson Electric Company	8	2,889	Henry Vogt Machine Company	1	1,035
Naval Ordnance Station	1	2,411	National Alum. Corp. & Southwire Company	2	1,024
American Standard Incorporated	5	2,339	Oshkosh B'Gosh Incorporated	4	1,018
Colt Industries Incorporated	2	2,250	Rand McNally and Company	2	1,008
Palm Beach Company	4	1,765	North American Philips Lighting Corp.	3	1,002
General Tire and Rubber Company	1	1,600	Quaker Oats Company	2	975
Eaton Corporation	3	1,589	Whirlpool Corporation	1	971
American Greetings Corporation	2	1,580	Coigate-Palmolive Company	2	911
Brown-Foreman Corporation	3	1,580	Firestone Steel Products Company	1	905
Rockwell International Corporation	3	1,501	Porter Paint Company	1	901
Johnson Controls Incorporated	5	1,443	E.I. duPont de Nemours and Company	2	891
General Motors Corporation, GMAD	1	1,426	Leggett and Platt Incorporated	3	876
Courier Journal and Louisville Times	1	1,396	Corning Glass Works	3	853
Jockey International Incorporated	5	1,370	Proctor and Gamble Company	3	847
B. F. Goodrich Company	3	1,330	Chessie System	1	840
Duro Paper Bag Company	3	1,305	A. O. Smith Corporation	2	835
The Square D Company	1	1,300	Bundy Corporation	2	821
Martin Marietta Corporation	4	1,262	CONAGRA, Incorporated	3	818
Continental Metal Specialty, Inc.	4	1,260	Tecumseh Products Company	1	800
Interco Incorporated	5	1,222			

SOURCE: 1987 Kentucky Directory of Manufacturers, published by the Department of Economic Development.